App. F. IX-4

1926-27

File No. 50-24

(Sanitary)

Serial Nos. 2, 3, 4, 7, 8, 10, 11, 12,

Previous References
G. 7-40-23-1
San. 50-46 & 5-7
" 22-17 (1+2)
" 60-16 (9, 10)
" 80-1856 1-5
" 50-46 (1-4 & 8)

Later References
Judicial 8036-84/mis 520-13-13.
San 96-15 (1-4).
63-10 (365).

Please see P. 115 (E) N. 2/3

General and Revenue Secretariat.

Serial Nos. (Eight)

Part B for November 1926.

SUBJECT

formation of Land mortgage Banks.

---

ordered to be recorded &

J. Shaw
H/1/27

GENERAL AND REVENUE SECRETARIAT.

( )

NOTES.

File No.

FILE HEADING.

From

No.	Dated	Received
Diary No.	Enclos. Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

NOTES—First Sheet.

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

GENERAL & REVENUE SECRETARIAT
5989/25
21. MAR. 1925
LOCAL SELF GOVT. BRANCH

Please submit for
review the file re
Survey of mahad
Indebtedness by two
Co-op Societies in 1916-17
& the
file about Land
Mortgage Banks

Ice
20/3/25

20/3

1) The following reference files relating to debt
survey of 1917 are sent up:-

San. 90-15 (1-4) sanctioning the conducting of the
Survey
Ham 50-16 (5-7) memorandum on which Survey was to be conducted

2-5 San 50. 16. (1-48)
9 & 10)
22 17 (1 & 2) } Entertainment of 2 Co-operative
inspectors for conducting the Survey
for a period of 4 months with
extension of three months
till the end of April 1917

N. B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

4914
9/4

3) Requisition by Secretary Revenue Branch for submission of the file
re Land Mortgage Banks.

JRD 1.4.25 1/4/25 (Revenue Branch) To kindly put up the file required 2/4

2/4

G. R. S. III—3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Two files (D.C. 57-17-1-22 and 353-23-1-4) relating to Land Mortgage Banks are part of

Trade 4.4.25 — B

a. WS

1st Branch

2nd Member

a) Resubmitted with reference to para (above) Above account of the discussions that had taken place in connection with the formation of the Land Mortgage Banks is given on pages 8 to 13 of the notes of the Cs. for 53-24 (1-4) on page 21 of the same file the decision not ordered that the question of the Land Mortgage Banks be taken up after the Economic Survey is over

Filed for now

Hall 6/4/25 — 6/4/25 — 1st Branch

B 7/4/25

b) Submitted with reference to para (a) above

2nd Member

8/7

N. B.—Should routine notes be written on small slips the notes must be glued, or slips pasted on this form.

Hall

Hay 14

8153/8/4

* My call returned to D.C. Branch 6.25 for reference to their D. No 5666-25 dt 3/7-25 dt 12/6/25.

Hall Hall

Hall Hall

Hall Hall

[To be used only for notes. rec

K

Please ask the Historic
Whether any further
report has been
received from the Chief
Medical Officer in the matter
of Somme

WD
21/9/15

No later report
has been received. The
Publicity Officer also
no additional informa-
tion on the matter

JPH
23/9/15

OUTINE NOTES.

usitions, etc., not intended for permanent record]

8) Subd In the G.O. reviewing
the report on the working
of the Co-operative societies
in Madras during 1923-24
it is stated in para 5 that
a scheme
of Land mortgage Banks
financed by debentures,
of which part will take up
a proportion not exceeding
one-half, is most
suitable which to
attach long terminable
and that for such
that funds will be available
it is necessary to start these
Banks in four different
centres, each next year.

(9) Subd for orders as
to whether the Residency may
be addressed to obtain
information regarding the
working of the Societies
taken in the matter for the
information of Govt

N. B.—Should routine notes be written on small slips the notes must be cinced, or slips pasted on this form.

8746
29/4

184
23/4/25

1 Dec 1

28/4/25

2d

G. R. S. III—3]

ROUTINE NOTES

[To be used only for notes, requisitions, etc., not intended for permanent record.]

8746

10) (1) The Registrar may be asked to obtain from Madras Regr forward a copy of the G.O. & rules re Land Mortgage Banks proposed to be started in Madras

(2) He may be asked to send a typed copy of the Rewa Rao L. M. Bank Rules for being forwarded to Sri Mahadeva Sastri Hqrs. (If he or Secty has no spare copy, one shd be made & sent)

(3) If there is any printed report of the recent Survey & debt Survey in Madras Mean send a copy for perusal. If no printed report read Regr has to be asked

11) He refer to his last report also & debt certain Survey of members Coop Societies. If no detailed report read yet he may be asked to submit a consolidated report read with statistics brought up to date,

12) As to be done vide letter no 8259 dt 16.6.1925.

13) 30/4/25

N. B.—Should routine notes be written on small slips the notes must be copied, or slips pasted on this form.

30/4

30/4

General and Revenue Secretariat.

San File No. 50 of 1925

Serial No

1 Asst. Secy

4 A draft in respect of items 1 to 4 of the Member's note is put up.

~~As~~ Items 2 and 3 relate to the Sanitary Section (please see sanitary files re- Self Survey Noted below.) As the information is called for in connection with the Madras Improvement Scheme the file may be transferred to the ~~Sanitary~~ Sanitary Section for further action

~~Sanitary~~ 6.5.25.

5 Asst. Secy

6/5

6 Then transfer to Sanitary Section for further action

6/5

To the Registrar

Dc 7592 of 8.5.25

Calls for copies of G.O. & Rules re- L. M. Banerjee proposed to be started in Madras & info re - result of salt Survey of Members of C.S.

Sanitary Asst.

Br.

2 From the Economic Survey Officer, Madras Dc. No. 218 - of 8.5.25

Encloses a copy of letter from Madras forwarding a copy of Resolution of the Bombay Legislative Council stating that measures meant for the benefit of the people Government

NOTE—Contn. Sheet

postponement of fort discussion till the Legislative council has its say in means delay unnecessary discussion & that such of his proposals already submitted as are accepted by Govt may be announced when Assembly at session from His Highness the Maharaja.

Dewan's order

Revenue Secretary with compliments. Please put up a note early"

Initd. H. Dawis 14/5/25

Asstt Sec LSG

Please put up a note at once

Time two days

Initd K.V.A 15.5.25

2) Attend to this at once

Initd T.K.S 15/5/25.

2) The first order of Madras regarding the establishment of Land Mortgage Banks is forwarded by Mr. E.C.S. Officer in person with reference to the proposals he has already sent up in the matter & asked for orders. The 2nd Member wants to see Mr. Madras first order on the subject in regard to which the Physician of the Govt. Secretary has been already written to. - Asstt has written accordingly

The Mr. papers wanted by them were also

NOTE—Contn. Sheet

Serial No.

been asked for: an enquiry to ascertain the action taken by the Madras Govt. in providing a sketch of progress in their budget for 1925-26 in starting Land Mortgage Banks in various districts. The Economic Survey officer suggests announcement of the measures already proposed by them in 1924 & other directions in the course of the Revenue Address by the Hon'ble the Finance Member as Chairman for the Conference.

The full history of the Land Bank; para-wise notes in C.S. file No. 3 of 1923-24; & the question as to the rate on which the Bank is to be started & the initial & recurring charges [illegible] can only be decided after the full report of the Economic Survey is received & examined

L. 2 Dec 24

II May

22/5/25

18/5/25

9391/18/5-

The Economic Survey Officer saw me today & said he wished to see the Dewan at Ooty in connection with his further deputation as he has rec'd a telegram from his Principal. [illegible]

NOTE—Contn. Sheet

Serial No.

I am instructed desire Peacock on the matter to the Diwan

Whether any arrangements can be made in the Budget Session I am unable to say at present

DE
19/5/25

Hughes

Dear

We discussed the matter no doubt in the Executive Council meeting tomorrow

95-29
22/5

Yours sincerely

DE
20/5/25

H 23/5

H 22/5

Please attend to provide required

23/5

27/ A copy of Rao Sahib Ramachandra Rao's note and extracts from the report of the Economic Survey of 1918 is taken. A draft forwarding this to the Honourable Finance Minister is submitted. As was noted before, paras 11, 12 and 14 above, action on points 10 & 13 will be taken after the issue of the above draft is approved.

27/5/25

NOTE—Contn. Sheet

General and Revenue Secretariat.

San File No. 50 of 1926

Serial No.

1) Memo at mem

WD
4/6

2) From Economic Survey Officer
No L.8575 of 2nd June 1926
Forwards for information a copy of
the Land Mortgage Bank rules prepared by
Mr. A. Kangaloo and a copy of the final
report of the Economic Survey Conducted
~~in 1918~~ a two hobbies of the Survey Officer in 1918
Submitted. Mem. can be now sent to the
Dte Branch for putting up the reply, if
any, received from the Registrar of Co-operative
Societies vide paras 10, 13 & 27 above

WD
16/6/26 NPK
16625 30 Dte Branch to Kindly put
up when received. Agenda paras 10 & 13
were in stage 2 when Mr. Jhingan
left.

WD.
17/6.

31) No reply has been rec'd from the
Regr. of Co-operative Societies in the matter.
~~It may be removed Reply awaited~~

L.S.S
Bar

WD
18/6

18.6.
To, Registrar of Co-operative Societies, No. X8583 M.26/6 dtd
Calls for early return of the Co-operative Rules. Called for on 8/7/26.

Please send this
to the Dte Branch
after 15 days - if no
reply still received by
then

WD
20/6

GEN. & REV. SECRETARIAT
21 JUN 1926
INDUSTRIES & COMMERCE
GEORGETOWN

VIII—Contn. Sheet

General and Revenue Secretariat.

San File No. 50 of 1924

Serial No.

SC10) From the ~~Registrar~~ Economic Survey Officer
No 284 & 27-6-25 —
Returns the draft bye laws and the memorandum on Madras debt survey and states that at this stage he does not find any suggestion or line of thought in them

SC11) From the Registrar Cooperative Societies.
No 6856 & 24th/25th June 1925 —
Submits a copy of the rules regarding Land Mortgage Banks proposed to be formed in the Madras Presidency

SC.12) From the Registrar of Coop. Soc.
No 6989/C3 & 29 6. 1925 —
Reports on the debt survey undertaken by the Cooperative Dept & states that it was conducted during 1921-22 and was confined to the members of Cooperative Societies.

3) Subd. proceedings with reference to paras 10 & 13 above

3) The Registrar of Cooperative Societies says that investigations were ordered last year to be completed thoroughly for a number of villages where Societies were working and that on receipt of the consolidated statements ~~thereof~~ the results would be submitted to Govt. [illegible]

Secretariat. File No. of 1924

Serial No

~~[illegible]~~

~~[illegible]~~

354 He also wants to interview an Economic Survey Officer & discuss the matter with him. ~~But~~ the letter is likely to be received on the 10th ~~inst~~ afternoon, ~~[illegible]~~

~~[illegible]~~

Submitted for orders

9/7/25 11/7/25 2. 2 days

23 9/7 24 10.7

294 11/7/25

Land Mortgage Banks Question.

357 The consideration of the D.M.S.O's report etc is a Central matter, & this file may also be transferred to Chief Secy for being put up with it.

361 The Chief Secy is requested to kindly get 50 copies of the Madras Govt G.O. and Enclosure (the Registrars letter) printed as this necessary to obtain, on this question several opinions legal, financial, & Experts, & of the Committee members, if a Committee to consider the D.M.S.O's report is formed

371 This printing may be done either immediately, or after Central decision. I recommend the former course to save time

CS 13/7/25

Chief Secy with compts

28 Land to file

Note—Contn. Sheet

Arrangement of a conference for consideration of Madras

Gen 1528

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

39) Submitted file relating
(1) to the question of Establishment
of Rural Mortgage Banks may
be obtained
(2) the requirements finalised
as suggested by the Economic Survey
Officer +
(3) supply of 300 copies of the
Co-operation reports if printed.

As the reports have been referred
to a committee of which the Under
Secretary to the Secretary, they may
be appointed be transferred to
Gen. branch for reference +
needful action

JBP 12/10/25 HMK 12/10/25 for YS

for M(Sr) HMK 13/10/25 RD. 13/10

41) This file received from the
L. S. G. Branch today as
desired: for perusal and
orders as to action
to be taken. (Vide para 36
+ 37 of the notes.)
HMK Put up D/A draft to also submit.
HMK

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Serial No

24) Copies of Madras Govt: order re Land mortgage Banks have also been received. (a copy is put up in the file)

45) It is for orders whether copies of this order have to be sent to all the members of the Committee or handed over to them at the time of meeting to be held on the 6th Nov 1925. A draft is however submd.

(Vide paras 36 & 37 supra)

28/10 46) A separate draft approved by the Under Secy was issued.

G.2787-89 dt 24.10.1925

From

The Secretary Committee Hassan Dt.

Letter No 973 dated 24.10.1925

Returns the report referred to above & states that it may, if possible be sent back to Mr Nanjappa when he returns to duty

47) Report received has been sent to Mr N.S. Subba Rao as directed by the Secy. T.B.C.P. Committee.

48) This may now be returned to the Secy. Section

Secy) 27/1

Serial No

Establishment of Land Mortgage Banks in the Malnad

Fig 7 49/ The Committee have considered this question in all its details & have recommended the establishment of three Land Mortgage Banks for the three malnad districts under certain conditions. paras 10 to 19 of the report. A set of draft bye laws has been appended to the report as Appendix I.

" 8 JDB 28.1.26 (50) The file re R.T. subject & resolution ~~on the same subject~~ and certain petitions all relating to the same subject are herewith linked.

D (51) Dte. for 57 of 17 relating to the previous correspondence in the matter & Hon. M.S. Subba Rao's note on Land Mortgage Banks are also put up.

A JDB 27.1.26 (This file will have to be worked up in consultation with Dte Branch) for orders

JDB 30/1

A.S.

Secy) This may be treated as very urgent & worked up for final orders.

RJ 1/2 (53) Mr MKR Please ch up WW 11/2

J.028

GEN. & REV. SECT.

24 NOV. 1926

DEVELOPMENT

retained on 4.2 MKR

NOTE—Contn. Sheet

G.R.S. III—31

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

S/W] The following main files relating to the establishment of land mortgage Banks etc having to do with co-operative section of the Development Dept are put up!

1) Establishment of L.M. Banks. C.S. 91-25.

2) Report of all India Conference re L.M. Banks C.S. 83-25

3) —do— C.S. 91-25.

55] As to establishment of L.M. Banks in ~~C.P.~~ in details of which Registrar has already been apprised vide no C/ 80/Gen/17-26 dtd 11th October 26. no action appears to be necessary here on these files. They will therefore be sent back to the Co-op. Section for further necessary action or record, if appro

Flag X

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form

Dtd 19/10/26

Dtd 20/10/26

1529

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

The two linked files
C-S. 83-25 (C-S. 91 17 25)
relating to the crop
Section are taken
over also the collection
F+C 59-17-(1-2-2) and
this file returned
to G M Branch
as it relates to
Sanitary Section.

24/11/26

(G.M Branch)

Sir, This file has been returned from the Dist. Vet. No further action is necessary on this, these papers will be recorded & filed

26 Sept
27/11/26

27/11/26

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

27/11/26

Diary No. 97

Section

File No.

Serial No

No. I.C. 7572

General and Revenue Secretariat

, the 192

To The Rev. J.C.S.

Diary No. of letter replied to

Date of issue 8/5/22

Signed by M.V. Mahoney

Sir

In connection with the proposal of L.M. Banks in the Madras, I am directed to request you to kindly obtain from the Rev. J.C.S. in Madras a copy of the Govt Rule re L.M. Banks, proposed to be started in Madras, & forward the same for the information of Govt & consolidated review with Statistics of the results of the detail Survey of the Area of C.S. undertaken by the Rev. achieved so far

List of enclosures

Copied by

Examined by

over

may also be Sub^d. at an early date.

Dhote

MPC 6/5

for Pvt. Secy.

~~Initial~~
b.s.n.

VS

Economic Survey Office,

Confidential

Hassan

Dated 8th May 1925.

No. 212 Secl 8.5.25

REVENUE SECRETARIAT 115 MAY 1925

From

Prof. S. Kesava Iyengar, M.A., F.R.E. [illegible]
Economic Survey Officer,
Hassan.

Sec 50-26-2

To

Rajamantra Dhurina
A.R. Benerji, Esq., C.S.I., C.I.E., M.A., I.C.S.,
Dewan of Mysore, Bangalore.

Sir,

I beg permission to enclose herein a copy of Government Order No. 484 dated April 1, 1925, of the Development Department, Government of Madras, for your kind perusal.

I find from a study of the whole correspondence on the subject of starting Land Mortgage Banks in Madras that the Government have taken the step of providing rupees two lakhs in the Budget Estimate of 1925-26 and of ordering the starting of four local Mortgage Banks from the beginning of the next official year. I hope you will not consider it out of place if I submit here that any measures like these which are meant wholely for the benefit of the people, postponement of Government decision till the Legislature has had its say might mean considerable delay and unnecessary discussion in the Houses. It is not my object here to touch upon anything new, but it appears to me that the most appropriate and the most acceptable course for Government in connection with Malnad Improvement is the announcement of such of the proposals of mine as are accepted by the Government in the course of the Dewan's Address to the Representative Assembly during the Birthday session, as coming from His Highness the Maharaja. Otherwise several months after June would have to be spent in discussions and preliminaries before actual constructive work is begun.

I have the honour to be,
Sir,
Your most obedient servant,
S Kesava Iyengar
Economic Survey Officer.

S.G.

Economic Survey Office
H a s s a n.
Dated 8th May 1925.

Government Order No. 484, Development, dated 1st April 25.

The Government have had under their consideration for some time past the question of organizing land mortgage banks on a cooperative basis in suitable tracts in the presidency. The necessity for these special banks arises from the fact that existing cooperative organizations obtain money for comparatively short periods and cannot take the risk of issuing loans for long periods of from ten to twenty years. The relief of indebtedness, especially of small landholders, has been, and is, a most pressing problem in this country. After careful consideration the Government propose to organise as an experimental measure land mortgage banks in four select localities on the following lines.

2. Co-operative land mortgage banks are proposed to be organizwd at Ambur in the North Arcot district, Conjeevaram in the Chingleput district, Kallakurichi in the South Arcot district and a fourth in the Kistna or the Salem district. These places have been selected because they possess the n necessary conditions for the successful working of the banks, viz, lands fit to be mortgaged, indebted ryots and persons suitable and willing to take an interest in and co nduct such banks. The area of operations of the banks will be restricted to a group of villages within six or seven miles from their headquarters. The banks will be on the limited liability basis Under section 46 of the Co-operative Societies Act , 1912, they will be exempted from the operation of section 6 (1) and the proviso (2) to section 4 of the Act

3. The primary object of the banks will be to provide loans for the redemption of mortgages on agricultural lands but the improvement of land and of methods of cultivation

cultivation will also be within their scope. The banks will obtain money from share capital, deposits and debentures. At the outset they will have to depend largely on debentures which will be issued on the security of lands of the members. Debentures will be issued in different series to finance different groups of individuals and may be of denominations of Rs. 1,000 Rs. 500, Rs. 250, Rs. 100 or Rs. 50. The total value of the debentures will not exceed the amount covered by the mortgage and they will be issued ordinarily for not less than twelve and not more than twenty years. Each bank will have a working capital of Rs. 1 lakh and as, at the beginning, it is expected that the full amount may not be taken up by the public, the Government propose to take up debentures to the extent of Rs. 50,000 in each bank provided the public first take up the other Rs.50,000. The public will be allowed interest at 7 per cent on these debentures while the rate payable to Government will be 6½ per cent. Debenture holders will not have the right to claim repayment before the expiry of the fixed term for which they were issued but the bank will reserve to itself the right to redeem debenture on three months' notice. It is proposed that the Board of Directors of each bank should appoint a trustee to whom will be assigned the mortgages of the members and whose function it will be to see that the bank fulfils its obligations to the debenture holders. The total value of the debentures actually in circulation at any time will not exceed the total value of the mortgage bonds and other assets assigned by the bank to the trustee. The land mortgaged should have no prior encumbrances save those to be redeemed by the loan given by the bank and the amount of each loan should not exceed one-half the value of the land mortgaged. There will also be a condition that the loan will not exceed three-fourths of the estimated net income from the lands during

income from the lands during the period covered by the loan. Each member will be eligible for a maximum loan of Rs. 1,000 and will be charged 9 per cent on his borrowings. He will be given the option of repaying the loan in equal instalments spread over a given nember of years with interest on the account outstanding from time to time or on the equated payment system.

4. A sum of Rs. two lakhs has been included in the budget estimate of 1925-26 under the head "Loans and Advances by Provincial Government -- g. Miscellaneous Loans and Advances-- Loans for Land Mortgage Banks." The Registrar is requested to see that the banks are opened and the money utilized within the year.

(By order of the Government, Ministry of Development)

(Sd) G.T.H. Bracken,
Secretary to Government.

Government of Madras

DEVELOPMENT DEPARTMENT

G.O. No. 484, 1st April 1925

Co-operative Societies—Land Mortgage Banks—Organization—Orders passed.

READ—the following papers :—

Letter from the Registrar of Co-operative Societies, dated the 9th April 1923, No. B-4306/1922.

Official Memorandum to the Registrar, No. 593-III/23-3, dated the 18th June 1923.

Letter from the Registrar of Co-operative Societies, dated the 16th July 1923, No. 4306/1922.

Official Memorandum to the Accountant-General, No. 593-III/23-10, dated the 20th November 1923

Official Memorandum to the Registrar of Co-operative Societies, No. 593-III/23-11, dated the 20th November 1923.

Endorsement of the Accountant-General, No. T.M. 23-6965, dated the 11th December 1923.

Official Memorandum to the Registrar, No. 593-III/23-14, dated the 15th February 1924.

Letter from the Registrar of Co-operative Societies, dated the 1st June 1924. No. B-4306/1922.

Official Memorandum to the Advocate-General, No. 593-III/23-15, dated the 31st July 1924

Official Memorandum to the Accountant-General, No. 593-II/I23-16, dated the 5th September 1924.

Letter from the Government Solicitor, No. 1141, dated 3rd September 1924.

Letter from the Accountant-General, dated 22nd September 1924, No. T.M. 23-43/2112.

Official Memorandum to the Registrar of Co-operative Societies, No. 593-III/23-18, dated the 28th October 1924.

Order—No. 484, Development, dated 1st April 1925.

The Government have had under their consideration for some time past the question of organizing land mortgage banks on a co-operative basis in suitable tracts in the Presidency. The necessity for these special banks arises from the fact that existing co-operative organizations obtain money for comparatively short periods and cannot take the risk of issuing loans for long periods of from ten to twenty years. The relief of indebtedness, especially of small landholders, has been, and is, a most pressing problem in this country. After careful consideration the Government propose to organise as an experimental measure land mortgage banks in four select localities on the following lines.

2. Co-operative land mortgage banks are proposed to be organized at Ambur in the North Arcot district, Conjeeveram in the Chingleput district, Kallakurichi in the South Arcot district and a fourth in the Kistna or the Salem district. These places have been selected because they possess the necessary conditions for the successful working of the banks, viz, lands fit to be mortgaged, indebted ryots and persons suitable and willing to take an interest in and conduct such banks. The area of operations of the banks will be restricted to a group of villages within six or seven

miles from their headquarters. The banks will be on the limited liability basis Under section 46 of the Co-operative Societies Act, 1912, they will be exempted from the operation of section 6 (1) and the proviso (2) to section 4 of the Act.

3. The primary object of the banks will be to provide loans for the redemption of mortgages on agricultural lands but the improvement of land and of methods of cultivation will also be within their scope. The banks will obtain money from share capital, deposits and debentures. At the outset they will have to depend largely on debentures which will be issued on the security of lands of the members. Debentures will be issued in different series to finance different groups of individuals and may be of denominations of Rs. 1,000, Rs. 500, Rs. 250, Rs. 100 or Rs. 50. The total value of the debentures will not exceed the amount covered by the mortgages and they will be issued ordinarily for not less than twelve and not more than twenty years Each bank will have a working capital of Rs. 1 lakh and as, at the beginning, it is expected that the full amount may not be taken up by the public, the Government propose to take up debentures to the extent of Rs. 50,000 in each bank provided the public first take up the other Rs. 50,000. The public will be allowed interest at 7 per cent on these debentures while the rate payable to Government will be 6½ per cent. Debenture holders will not have the right to claim repayment before the expiry of the fixed term for which they were issued but the bank will reserve to itself the right to redeem debenture on three months' notice. It is proposed that the Board of Directors of each bank should appoint a trustee to whom will be assigned the mortgages of the members and whose function it will be to see that the bank fulfils its obligations to the debenture holders. The total value of the debentures actually in circulation at any time will not exceed the total value of the mortgage bonds and other assets assigned by the bank to the trustee. The land mortgaged should have no prior encumbrances save those to be redeemed by the loan given by the bank and the amount of each loan should not exceed one-half the value of the land mortgaged. There will also be a condition that the loan will not exceed three-fourths of the estimated net income from the lands during the period covered by the loan. Each member will be eligible for a maximum loan of Rs. 1,000 and will be charged 9 per cent on his borrowings. He will be given the option of repaying the loan in equal instalments spread over a given number of years with interest on the amount outstanding from time to time or on the equated payment system.

4. A sum of Rs. 2 lakhs has been included in the budget estimate of 1925-26 under the head " Loans and Advances by Provincial Government—*g*. Miscellaneous Loans and Advances—Loans for Land Mortgage Banks." The Registrar is requested to see that the banks are opened and the money utilized within the year.

(By order of the Government, Ministry of Development)

G. T. H. BRACKEN,
Secretary to Government.

To the Registrar of Co-operative Societies.
" Accountant-General, through the Finance Department.
" Finance Department.
" Editors' Table (order only).

Letter from J. GRAY, Esq., O.B.E., I.C.S, Registrar of Co-operative Societies, to the Secretary to Government, Development Department, dated Camp, Ootacamund, the 1st June 1924, No. B-4306/22.

I have the honour to submit herewith model by-laws for a co-operative land mortgage bank and to report as follows.

2. The primary object of the present scheme for the formation of co-operative land mortgage banks is to facilitate the redemption of mortgages of agricultural land and thereby to afford relief to ryots who are encumbered with mortgage debts. The experience obtained in the working of rural co-operative societies in this Presidency shows that these prior debts are a serious obstacle to the improvement of the ryot's economic condition and unless some satisfactory method of liquidating them is devised he cannot reap the full benefits of co-operation. I propose to include amongst the objects of the land mortgage banks the improvement of agricultural land and of methods of cultivation but at the outset their operations will be directed chiefly towards the redemption of mortgages.

3. Existing rural co-operative societies depend mainly on co-operative district banks for their finance. These district banks, and the Provincial Bank on which they (or most of them) depend obtain the bulk of their working capital from loans and deposits for comparatively short periods. Existing co-operative societies are therefore unable, except on a comparatively small scale, to advance money for the liquidation of prior debts which generally involves loans extending over a considerable number of years. It is to overcome this difficulty at least in part that the present scheme for the formation of land mortgage banks to obtain long-term money has been devised. All loans to members of the proposed land mortgage banks will be secured on the mortgage of agricultural land and the bulk of the working capital will be obtained by the issue of debentures secured on these mortgages. When the loans are given for the purpose of redeeming existing mortgages all previous encumbrances on the land mortgaged to the bank as security will be paid off. Loans will be given for the improvement of land or of methods of cultivation only on the mortgages of unencumbered agricultural land. All loans given by the bank will therefore be secured on first mortgages. As the debentures to be issued by the proposed land mortgage banks will be secured on these mortgages, it is hoped that they will eventually be taken up readily by the local investing public. The investor in this Presidency much prefers lending on the security of immovable property to investing in the shares or debentures of joint stock companies. Although he is not accustomed to deal in debentures it is probable that he will be attracted by debentures secured on the mortgage of immovable property.

4. The method on which the proposed land mortgage banks will work is indicated in outline in the model by-laws. The idea is that a number of ryots who own landed property in a specified area and who have mortgaged land to money-lenders should combine to form a co-operative land mortgage bank. They will re-mortgage their lands to the bank which will proceed to issue debentures on the security of these mortgages. These debentures will be sold in the open market and the sale-proceeds will be utilized by the bank in lending to its members in exchange for their mortgage deeds. Debentures will be issued in different series, each series being intended to finance a different group of members. All the members who apply for loans about the same time will be ragarded as forming one group and one series of debentures will be floated to finance that group. The debentures may be of various denominations, say, Rs. 1,000, Rs. 500, Rs. 250, Rs. 100, Rs. 50. The total value of the debentures issued in each series will not exceed the amount covered by the mortgages given by the members of the group for whom the series is issued. The period for which debentures will be issued will ordinarily be not less than 12 and not more than 20 years. Within these limits the period may vary from series to series. The maximum period for which the bank will lend to its members is 20 years (see by-law 54). The period for which debentures will be issued has not been specified in the draft model by-laws because it seems undesirable to tie the

hands of the Directors in regard to this matter. The period will of course be specified in the trust deed to be created, when each series of debentures is issued (see paragraph 6 below).

5. The rate of interest to be paid on debentures will for the present be fixed at 7 per cent per annum. Debenture holders will not have the right to claim repayment of their debentures before the expiry of the fixed term for which they were issued, but the bank will reserve to itself the right to redeem any debenture before it matures on giving three months' notice. This provision will not ordinarily be enforced but it is necessary not only to meet the possibility of a general fall in the rate of interest in the money market (in which case the bank would redeem existing debentures and issue fresh debentures at a reduced rate of interest) but also to meet the possible difficulty of finding an outlet, in the form of fresh mortgage loans to members, for the money repaid by members from time to time.

6. The Board of Directors of the bank will appoint a Trustee whose function will be to see that the bank fulfils its obligations to the debenture holders. For each series of debentures there will be a separate trust deed although the Trustee will be one and the same person. In order that the Trustee may fulfil his duties, the mortgage deeds executed in favour of the bank by its borrowing members will have to be assigned to him. The bank will covenant with the Trustee to pay to the holder of every debenture the amount specified therein on the expiration of the fixed period or at such earlier time as the debenture may be redeemed in accordance with the by-laws of the bank, and also to pay interest, at the rate agreed, to the debenture holder every year until the date of redemption. All recoveries from the borrowing members of the bank on the mortgage deeds taken as security for loans will be paid to the Trustee and the bank will also covenant with the Trustee to advance from its own funds, in the event of default of payment by the mortgagors, the sum necessary to completely fulfil its obligations to the debenture holders. The powers of the Trustee are specified in by-law 18. If the Trustee has to proceed againt any of the mortgagors under the power referred to in by-law 18 (iv) his expenses will be borne by the bank.

7. The Trustee will for the present be the Registrar of Co-operative Societies or some one selected by him (see by-law 18), but I have reserved in the by-laws certain powers to the Registrar of Co-operative Societies as such apart from his powers as Trustee. The Trustee has merely to safeguard the interests of the debenture holders. The Registrar has to look to the efficient working of the bank as a whole. I propose that the Assistant Registrar of the section in which the land mortgage bank is situated should be selected as Trustee. Later on it may be possible to select a non-official to take his place as Trustee

8. All repayments by borrowing members of the bank on mortgage deeds which they have given as security to the bank will be handed over to the Trustee. The amount so realized towards principal may be utilized by the Directors with the sanction of the Registrar of Co-operative Societies and of the Trustee in giving fresh loans to members on the security of mortgages. The period for such loans must of course be so fixed that they will mature before the expiry of the period of the debentures. These further mortgages will also be assigned to the Trustee. When the collections towards principal handed over to the Trustee cannot immediately be utilized in further mortgage loans they will either be invested or will be utilized in paying off debentures. Collections cannot be used for the purpose of giving further loans for the full period of 20 years. For this purpose, fresh mortgages will have to be taken and a new series of debentures issued thereon, the mortgages being assigned in due course to the Trustee. The sale-proceeds of these debentures can then be utilized for further loans to members for 20 years. By-law 19 lays down that the total value of debentures actually in circulation at any time must not exceed the total value of the mortgage bonds and other assets assigned by the bank to the Trustee and held by him.

9. With regard to the area of operations of the proposed land mortgage banks it has been suggested in the notes forwarded to me with the Government memorandum quoted above that the taluk will be the most suitable unit for the present. My own view is that the area should be much smaller and that the operations should

be restricted to a group of villages within 6 or 7 miles from the headquarters of the bank. If the operations of a land mortgage bank are extended to such a large area as a taluk the identification and valuation of the land to be mortgaged to the bank by the borrowers will present considerable difficulty and will also involve a certain amount of expenditure. On the other hand, if the area is limited as I suggest there will be no need for inspection and valuation by professional experts. The members of the Board of Directors will know the land and will be able to value it with very little trouble and expense. It will be much safer, I think, to restrict the area of operations as I now suggest. Some degree of mutual knowledge is necessary for the satisfactory working of a co-operative society even on the limited liability basis, and it will be difficult to obtain this if the members are drawn from so large an area as a taluk.

10. The question has been raised whether it would be necessary to amend the Co-operative Societies Act to enable the operations of a primary society of this kind to extend to a taluk. The suggestion has been made that section 6 (1) (*b*) of the Act would appear to cover the case as the members of the bank would be of the same occupation, viz., agriculturists. But this might be regarded as straining the meaning of the section as many of the members may have other occupations. The simplest way out of the difficulty is for Government to issue an order under section 4o of the Act exempting land mortgage banks from the provisions in section 6 (1) of the Act. This will be necessary, I think, even if the operations are limited to the smaller area suggested by me.

11. The proposed land mortgage banks are to be organized on a limited liability basis. It may of course be argued that the adoption of unlimited liability would obviate the necessity for the collection of heavy share capital and would thereby make it easier to bring in the men whom it is intended to benefit. There are however insuperable practical difficulties in the way of organizing land mortgage banks on the unlimited liability basis in this Presidency. For these banks can only be started in areas where unlimited liability credit societies are already at work. The ryot must turn to the existing village society for his requirements in the way of short term loans. The proposed land mortgage banks are only to give long term loans. No person can be a member of two unlimited liability societies at the same time and so the new land mortgage banks must necessarily be on the limited liability basis. In order to legalize the registration of the proposed land mortgage banks as co-operative societies on the limited liability basis, it is necessary that the Local Government should issue a special or general order under the proviso to section 4 of the Co-operative Societies Act, 1912.

12. The maximum rate of interest to be allowed on deposits is fixed at $6\frac{1}{2}$ per cent per annum which is the rate allowed by central banks on long term deposits. Land mortgage banks should not however go in for deposits to any great extent, as the whole object of the scheme would be defeated if such deposits formed more than a small proportion of their total working capital. If such deposits can safely be utilized for the grant of loans for periods of 16 to 20 years there would seem to be no necessity for the formation of separate land mortgage banks. I do not of course mean that there is no necessity for provision in the by-laws of land mortgage banks for taking deposits ; but such deposits should not be taken in simply as a matter of course. It may occasionally be necessary to take in deposits to meet the possibility of default in repayments by borrowers so that the bank may be able to keep up its engagements with its debenture holders.

13. It is proposed for the present to restrict the amount which can be lent to a member to a maximum of Rs. 1,000 as the object of the scheme is to relieve the smaller debtors. The rate of interest is fixed at 9 per cent per annum. In regard to the system of repayment I am strongly of opinion that members should be given the option either to repay the principal in equal annual instalments with interest due on the outstanding amount or to adopt the system of equated payments including both principal and interest. It may be argued that the ordinary ryot is not conversant with the equated payment system but the fact remains that he is accustomed to it in connexion with takkavi loans. An option similar to that now advocated has been allowed in the case of co-operative building societies financed

by Government and several building societies have deliberately chosen the equated payment system. The equated payment system has certain special advantages in the case of loans intended for redemption of mortgages or improvement of land. Loans for such purposes should be repaid out of the net income derived from the land to be redeemed or to be improved. For this reason it has been laid down in by-law 47 that no loan shall exceed three-fourths of the estimated net income for the period of the loan, derived from the land mortgaged as security for the loan. The proportion of three-fourths has been adopted to allow for a margin of error in the estimation of the net income. The net income from land redeemed by means of a loan from the bank will ordinarily remain fairly constant throughout the period of the loan while the net income from land improved by means of such a loan will increase as the result of the application of the loan. It is therefore an advantage, when repayments are to come out of an income which is either fairly constant or is steadily increasing, that the annual demand towards both principal and interest should be a fixed sum (as it is under the equated payment system) rather than a larger sum in the first year with a steady decrease from year to year till the loan is cleared. Some of the co-operators who are most enthusiastic about co-operative land mortgage banks are strongly in favour of the system of equated payment and I can see no reason why they should not be allowed the option.

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14. It will be observed that by-law 56 gives the Board of Directors power to call up loans before the due date whenever it seems necessary for the protection of the bank.

15. By-law 64 provides that no less than 25 per cent of the annual net profits of the bank shall be carried to the Reserve Fund. I think this minimum is sufficient.

16. The question has been raised whether the proposed transfer to the Trustee by the bank of its rights in the mortgages which it takes as security for loans, will be valid. A similar question was raised in connexion with the debenture scheme [please see the correspondence recorded in G.O. No. 1005, Revenue (Special), dated the 27th May 1920]. In that connexion, the Advocate-General expressed the opinion that the transfer to the trustee gives him a valid title.

17. In my letter No. B. 4306 of 1922, dated the 9th April 1923, I stated that in order to get over the difficulty of obtaining the required long-term money in the early and experimental stages of land mortgage banks, Government should guarantee the debentures issued by such banks. I suggested that the guarantee should be in the form of an undertaking by Government to purchase sufficient debenture bonds to make up the amount required for starting land mortgage banks, if private individuals and co-operative societies other than the land mortgage banks fail to take up the full number required. The ordinary investor in this Presidency is not yet accustomed to the idea of investing money in debentures and in order to create confidence and to induce the public to take up the debentures of land mortgage banks, it seems necessary that Government should give a lead. It is not, of course, suggested that Government financial assistance should be a permanent feature of these banks or that Government should underwrite a second or any subsequent issue of debentures by any such bank. But co-operators, both non-official and official, who have been consulted regarding the scheme are almost unanimously of opinion that, however sound the proposed land mortgage banks may be, it will be extremely difficult to induce the public to take up the debentures if the proposed Government assistance is conditional on half the required amount being taken up *first* by the public. They urge, and I agree with them, that in order to inspire public confidence in the debentures of these new banks, the lead must come from Government. If after Government has given such a lead, the debentures of the new land mortgage banks do not become sufficiently popular to enable the banks to develop without further financial assistance from Government, the scheme will have to be written down as a failure. If, on the other hand, these debentures do become popular, further financial assistance from Government will be unnecessary. For, the success of the three or four banks which it is now proposed to start as an experimental measure would, I anticipate, lead to the formation of other similar land mortgage banks which would be able to raise the money they require by the sale of debentures to the public without any Government

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guarantee. I therefore suggest that attempts should be made to start land mortgage banks on the lines now suggested in three or four selected areas where conditions are most favourable. The banks will be registered as soon as the necessary share capital is forthcoming and suitable applications for loans have been received in sufficient numbers to justify the floatation of debentures for not less than Rs. 50,000 in the case of each bank. Debentures for the required amount will then be issued and every possible effort will be made to sell them to the public but Government should agree to take up all debentures which have not been taken up by the public within a reasonable fixed period, say three to four months, after the date of issue.

18. With regard to the security for the Government money invested in debentures, I would submit that all debentures, whether held by Government or by the public, will be amply secured on first mortgages of agricultural land. By-law 19 provides that the total value of debentures actually in circulation at any time must not exceed the total value of the mortgage bonds and other assets assigned by the bank to the trustee and held by him. By-law 51 requires that the land mortgaged to the bank as security for a loan shall have no prior encumbrances save the mortgage or mortgages to be redeemed by the loan given by the bank and also prohibits any subsequent encumbrances except in favour of the bank. Under by-law 49, the value of the land mortgaged as security for a loan must be at least twice the amount of the loan Again the bank has the right under by-law 50 to require a borrower to mortgage all his other immovable property or to give two reliable personal sureties, so that even if the mortgagor defaults in the payment of his loan and the mortgage is foreclosed there will always be an ample margin to cover any mistakes in valuation of the land and to secure payment of interest as well as the principal due. As payments are made on the mortgages assigned to the trustee, whether towards principal or interest, the sums recovered will be made over to the trustee and as the value of the original mortgages diminishes progressively on account of repayments thereon there will be a corresponding increase in the other assets held by the trustee in the shape of cash, and other liquid assets, fresh mortgage deeds obtained as security for further loans to members and other securities.

19. Although the debentures held by Government will bear a lower rate of interest than debentures taken up by the public (see by-law 17), no additional security will be offered to Government. As already indicated, the security for all debentures is extremely good ; indeed unless there is some abnormal calamity involving the permanent destruction of the lands mortgaged to the bank, there can be no ultimate loss to the debenture holders. Not only is there no need for any additional security for the Government money invested in debentures over and above the security for the money invested by other debenture holders, but any proposal for such additional security would by creating distrust in prospective purchasers of debentures defeat the very object for which Government assistance is invoked.

20. With regard to the question of the most suitable localities in which to start land mortgage banks and of the extent to which the public are likely to take up debentures, the Assistant Registrars of Godavari, Kistna, Guntur, Nellore, Madras, Vellore, Coimbatore, Salem, Cuddalore, Madura, Trichinopoly and Tinnevelly have been consulted. The reports received show that the only centres where there are reasonable prospects of organizing such banks successfully are Ambur in North Arcot, Conjeeveram in Chingleput district, Kallakurichi in South Arcot district and possibly Namakkal in Salem district and Bhimavaram and Gudivada taluks in Kistna. The prospects of success in Salem and Kistna districts are not so bright as in the other three districts mentioned.

21. It has been somewhat difficult to secure precise information as to the extent to which the public are likely to take up debentures but there will apparently be little difficulty in selling debentures for more than Rs. 25,000, if a land mortgage bank is started at Ambur. Definite information is not forthcoming as to the amount of debentures likely to be taken up, if a land mortgage bank is formed at Conjeeveram, but I anticipate with a considerable amount of confidence that if Government will give a guarantee in the form suggested by me, there will be little difficulty in raising a substantial sum there by way of debentures. As regards Kallakurichi, promises have been secured to purchase debentures amounting to about

Rs. 5,000, if a land mortgage bank is started there. As in the case of Conjeeveram, there will probably be little difficulty in raising a considerable sum by sale of debentures if the form of the Government guarantee is altered as suggested by me.

22. It is impossible at present to give any information as to the extent to which debentures are likely to be taken up by the local public if land mortgage banks are started in Namakkal taluk, Salem district, or Bhimavaram or Gudivada taluks in Kistna district. A further attempt to secure definite information will be made if Government decide to modify the nature of the proposed guarantee as suggested above.

23. To ensure that the successful working of the scheme may not be impeded by any obstacles of a legal nature which have not been foreseen or guarded against, the Advocate-General may be asked to examine it and to scrutinize the by-laws. If Government approve the scheme, I shall arrange to have forms drawn up by the Government Solicitor for the Trust deed and for the debentures.

ENCLOSURE.

By-laws of the Co-operative Land Mortgage Bank, Limited, No

The Co-operative Land Mortgage Bank, Limited, No. is registered as a co-operative society under Act II of 1912 (India). Its address shall be village post taluk district. Its operations shall be confined to

Objects

2. Its objects are to promote the economic interest of its members and more particularly to arrange for the creation of funds to be lent to its members on mortgage security for—

(i) the redemption of mortgages on agricultural land;
(ii) the improvement of agricultural land and of methods of cultivation; and
(iii) any other measure designed to encourage in the members the spirit and practice of thrift, mutual help and self-help.

Membership.

3. The liability of the members of the bank shall be limited to the share capital subscribed by them.

4. Only persons over 18 years of age who are competent to contract and who own agricultural land situated in the area of operations of the bank shall be eligible for admission as members The heirs of deceased members against whom loans are outstanding may be admitted as members although such heirs are minors.

5. Applications for admission as members and for allotment of shares shall be made to the Secretary in the form, if any, prescribed by the bank for the purpose. Every such application shall be disposed of by the Board of Directors who shall have power to grant admission or to refuse it without assigning reasons.

6. Every member shall take at least one share and no member shall take more than shares. Every member shall pay an entrance fee of annas for each share taken by him at the time of taking the share, provided that the total payment of entrance fees by any one member for all the shares held by him shall not exceed Rs.

7. No member shall be permitted to withdraw any of the shares held by him in the bank within 10 years after the date when such shares were taken by him. After that period a member may withdraw shares with the consent of the Board of Directors, provided, firstly, that he has given at least six months' notice of withdrawal, secondly, that the total amount of share capital that is permitted to be withdrawn in any one year does not exceed 10 per cent of the aggregate paid-up share capital of the bank as it was on June 30th preceding, thirdly, that there are no debts due from him to the bank and fourthly, that there are no debts due to the bank in regard to which he has stood surety. When a member withdraws shares under this by-law, he shall be paid back the share capital actually paid by him with the dividend declared, if any. For the purpose of calculating the maximum amount of share capital withdrawable in any one year in accordance with this by-law, all repayments of share capital, whether by way of adjustment or otherwise, are to be included except such as are made under by-laws 8, 9 (*c*) and 13.

8. Should a member cease to hold the qualifications necessary for admission to membership of the bank, the Board of Directors shall remove his name from the list of members and shall pay him back within a reasonable period the share capital actually paid by him with the dividend declared, if any, after deducting therefrom the money, if any, due from him to the bank either as principal debtor or as surety

9. (1) If a member dies, his membership shall *ipso facto* cease.

(2) (*a*) Every member of the bank may nominate any person to succeed, in the event of his death, to his share or interest in the bank. Such nomination shall, in the event of his death, be given effect to by the bank provided—

(i) the nomination was signed by the deceased in the presence of at least two witnesses attesting the same;

(ii) the nomination has been registered in the books of the bank kept for the purpose; and

(iii) the person nominated shall have been admitted by the Board of Directors as a member of the bank under by-law 5.

(*b*) In the event of there being no person nominated by the deceased and entitled to succeed to his share or interest in the bank, the heir or legal representative of the deceased, or any person nominated by such heir or legal representative within one month of the death of the (deceased) member, shall be entitled to succeed thereto provided such heir or legal representative or his nominee shall have been admitted by the Board of Directors as a member under by-law 5.

(*c*) In the event of there being no person entitled to succeed under clause (*a*) or (*b*) of this by-law to the share or interest of a deceased member of the bank, the bank shall pay to the nominee of the deceased or to his heir or legal representative, as the case may be, a sum representing the deceased member's share or interest at the time of his death ascertained in accordance with the by-laws of the bank.

10. (1) A past member shall be liable as provided in by-law 3 for the debts due by the bank as they existed on the date when he ceased to be a member, for a period of two years from such date.

(2) The estate of a deceased member shall be liable as provided in by-law 3 for the debts due by the bank as they existed on the date of his decease for a period of one year after his decease.

11. No member shall be permitted to transfer his share or shares or create a charge in respect of the same in favour of another member or person except with the previous sanction of the Board of Directors.

12. With the sanction of the Board of Directors a member may, at any time, increase the number of shares held by him so as not to exceed the limit of shares laid down in by-law 6.

13. If a member deceives the bank in any way or if his general conduct is such as to render his removal necessary in the interest of the bank, it shall be open to the general body to expel him. An expelled member shall be paid all moneys due to him from the bank after deducting therefrom any money due from him to the bank. A member who drives the bank to court to recover the money due from him shall, for that reason, be expelled from membership. An expelled member shall be liable as provided in by-law 3 for the debts due by the bank as they stood on the date of his expulsion, for a period of two years after such expulsion.

14. The bank will ordinarily obtain funds from the following sources:

(i) share capital,
(ii) deposits,
(iii) debentures, and
(iv) entrance and other fees.

15. *Shares.*—The share capital of the bank shall for the present be Rs. made up of shares of Rs. 10 each. The value of each share shall be paid in full on allotment.

16. *Deposits.*—The Board of Directors may receive deposits at their discretion either from members or others and it shall be open to them to settle the terms on which deposits shall be taken provided that the interest on such deposits shall not, in any case, exceed $6\frac{1}{2}$ per cent per annum and provided also that no deposit shall be received for a period of less than three years.

17. *Debentures.*—The Board of Directors may issue debentures for Rs. 1,000, Rs. 500, Rs. 250, Rs. 100 or Rs. 50 each, and, if necessary, for varying periods. Such debentures shall bear interest not exceeding 7 per cent per annum. Debentures taken up by Government shall, however, bear interest at $6\frac{1}{2}$ per cent per annum or such lower rate as may be fixed by Government. The Board of Directors shall reserve the right to call in any debenture, at any time, by giving not less than three months' notice to the debenture-holder. Every debenture-holder whose debenture is so redeemed shall be paid the sum for which the debenture was issued together with all interest due thereon to the date of redemption.

18. The Board of Directors shall appoint a trustee who shall, for the present, be the Registrar of Co-operative Societies or some one selected by him, whose duty shall be to see that the bank fulfils its obligations to the debenture-holders. For this purpose the bank shall transfer to the trustee its rights in the mortgages on the security of which debentures are issued. The trustee shall have power to require the bank to credit to an account opened in his name, in the Imperial Bank or such other bank as may be approved for the purpose by the Registrar of

Co-operative Societies all recoveries made from members of the bank under any of the mortgages whether on redemption or upon sale under any power of sale applicable thereto. He shall also have the following powers :—

(i) to invest or to require the bank to invest the money at the credit of his account in his own name in any investment or deposit authorized by clauses (*a*), (*b*) and (*d*) of sub-section 1 of section 32 of the Co-operative Societies Act or in other securities approved by the Registrar of Co-operative Societies and to vary such investments at his discretion ;

(ii) to require the bank to redeem any or all of the debentures ;

(iii) to determine the method of redeeming any debentures before the expiry of the term for which they were issued ; and

(iv) to proceed against the bank or the mortgagors whose mortgage deeds have been transferred to him or against both, in case of default of payment of moneys due to the debenture holders.

The trustee can, at any time, subject to the approval of the Registrar of Co-operative Societies, be replaced by another trustee. A trustee so appointed shall, as the successor in interest of the trustee whom he replaces, inherit all his powers and rights.

The word 'Registrar' as used in this by-law and other by-laws of the bank means the principal Registrar of Co-operative Societies for the Madras Presidency and does not include an Assistant Registrar of Co-operative Societies

19. The total value of debentures actually in circulation at any time must not exceed the total value of the mortgage bonds and other assets assigned by the bank to the trustee and held by him.

20. (i) Debentures, which by reason of damage sustained, have become unfit for circulation, provided however that the essential marks for genuineness and identity are still recognisable especially the number, the amount, the rate of interest, the date and signatures of the authorized executing officers of the Board of Directors, will be replaced at the request of the holder on giving up the damaged or defaced debenture. Fresh debentures shall also be issued to replace completely destroyed debentures when, in the opinion of the Board of Directors, the fact of destruction is proved without any doubt or uncertainty.

(ii) When such proof is not produced or when in case of damage the essential marks on the debenture are lost no longer recognizable as well as in all cases in which the debenture has been stolen from the owner or has been in other ways mislaid, a new debenture will only be issued when the debenture which is alleged to be missing or unrecognizable has been previously advertised for by the claimant in the manner prescribed by the Board of Directors and its nullity legally declared.

(iii) The re-issue shall always be made for the same amount under the same number with the addition of the word 'renewed' and at the cost of the debenture-holder concerned.

21. The debenture shall be signed and executed by at least three members of the Board of whom the President shall be one. The bank shall have a special seal to be used for debentures and the seal shall remain in the safe custody of the President.

22. No debenture-holder can claim the repayment of the value of his debenture before the expiry of the period for which the debenture was issued.

23. Debentures in respect of which notice of redemption has been given to the holders by the Board of Directors must be given up on the expiry of the terms mentioned in the notice, and if the debentures are not handed in until after the expiry of the term the holder shall have no claim upon the bank for interest accruing after the expiry of that term.

24. Notwithstanding anything contained in by-law 17 the previous sanction of the Registrar of Co-operative Societies shall be necessary for

(i) the issue of debentures ;

(ii) the conversion of one class of debentures into another class bearing a different rate of interest or ;

(iii) the investment of collections made out of loans given to members in fresh loans to members. For such investments the sanction of the trustee shall also be necessary.

Maximum borrowing power.

25. The total borrowings of the bank both by way of deposits, issue of debentures or otherwise and whether from members or others shall not at any time exceed eight times the paid-up share capital plus reserve fund.

Management.

26. Subject to such resolutions as the general body may from time to time pass, the executive management of the affairs of the bank shall vest in a Board of Directors. The Board of Directors shall consist of not more than [illegible] members.

27. The members of the Board of Directors shall be elected by the general body for a period of three years from among the members. Members of the Board of Directors shall continue in office after the expiry of their term of office until by election another Board is constituted. A retiring member of the Board of Directors shall be eligible for

re-election. After the Board of Directors is elected by the general body, they shall elect from among themselves a President, a Secretary and a Treasurer. Interim vacancies on the Board of Directors may be filled up by the remaining members of the Board by co-optation for the unexpired portion of the period except in cases contemplated in by-law 31. Any member or members of the Board of Directors may at any time be removed by a resolution of the general body.

28 The Board of Directors shall meet once a fortnight or oftener, if necessary, to conduct the affairs of the bank. No decision of the Directors shall be valid unless it is assented to by at least members. All questions before the Board of Directors shall be decided by a majority of votes. Should there be any equality of votes, the President or other presiding member shall have a casting or second vote. No member of the Board of Directors shall be present at a meeting of the Board when any matter in which he is personally interested is being discussed.

29. Should a member of the Board of Directors absent himself from four consecutive meetings of the Board he shall cease to be a member of the Board of Directors, but may be reinstated by the Board of Directors.

30. Subject to such resolutions as the Board of Directors may from time to time pass, the several officers of the bank shall have the powers mentioned below :—

(*a*) The President shall have a general control over all the affairs of the bank. He shall also have power to appoint the members of the establishment as well as to fine, suspend or dismiss them subject in the last two cases to the approval of the Board of Directors.

(*b*) The Secretary shall be responsible for the executive administration of the bank subject to the control of the President.

(*c*) The Secretary/President shall be the officer to sue or be sued on behalf of the bank and all bonds in favour of the bank shall be in the name of the President. All bonds by the bank except those for moneys borrowed shall be executed by the President/Secretary

(*d*) The Treasurer shall have custody of all properties of the bank. He shall take charge of all money received by the bank from the members and from others and shall make disbursements in accordance with directions of the Board. He shall sign the cash book in token of its correctness and produce the cash balance whenever called upon to do so by the Board or auditor.

31. Any member of the Board of Directors who commits default in respect of a loan taken by him from the bank shall *ipso facto* be considered disqualified to continue as a member of the Board. But if the default has been for a period of three months or less, the defaulter may be reinstated by the general body on his showing good cause for the default. In no circumstance shall a defaulter continue to hold office as a member of the Board of Directors if his default has continued for more than three months.

32. Receipt shall be issued for all moneys paid into the bank. For moneys paid by members or others, other than debentures, receipts or bonds shall be signed by the President or Secretary or Treasurer whoever is elected by the Board of Directors to discharge this function.

33. It shall be the duty of the Board of Directors to maintain such accounts and registers as are prescribed by rule VII of the rules under the Act and by the Registrar from time to time, to place before a general body meeting of the members the Registrar's notes of audit or inspection within one month from the date of receipt, to correspond with the Registrar and to do all other business relating to the bank.

34. The Board of Directors shall have power to prescribe from time to time the scale of office establishment and to incur such expenditure as may be necessary for the management of the bank with reference to the scale and within the budget allotment sanctioned by the general body for each year. It shall be competent to the Secretary to incur petty contingent expenditure subject to a maximum of Rs. for any item.

35. The Board of Directors shall be competent to fix the amount and nature of the security if any, to be given by the members of the office establishment.

36. It shall be competent to the Board of Directors to frame subsidiary by-laws for the conduct of the business of the bank consistent with the Act, the rules under the Act and these by-laws. Such subsidiary by-laws shall be entered in the minute book of the bank and they shall be reported to the Registrar of Co-operative Societies for approval.

37. The services of the members of the Board of Directors shall be gratuitous except as provided in by-law 53.

General Body

38. The ultimate authority in all matters relating to the administration of the bank shall be the general body of the members who shall meet from time to time and at least once a year to conduct the work of the bank. The following among other matters shall be dealt with by the general body :-

(i) The election and removal of the Board of Directors ;
(ii) the annual report due to the Registrar of Co-operative Societies ;

(iii) the Registrar's annual audit order;
(iv) the amendment or repeal of any existing by-law or the enactment of a new by-law;
(v) the expulsion of a member;
(vi) the consideration of any complaint which any individual member may prefer against the Board of Directors; and
(vii) the returns that may be prescribed by the Local Government.

39. A meeting of the general body of the members may be convened whenever necessary for the conduct of the business by the Board of Directors and shall be so convened by the Board of Directors at the request of 15 or more members or at the instance of the Registrar.

40. It shall be the duty of every member to attend the meetings of the general body. The quorum for a general body shall be or one-fourth of the total number of members on the list at the time, whichever is less.

41. The President, when present, shall preside at the meetings of the general body. In his absence the members present may choose a chairman from their number to preside at the meeting. Every member present shall have one and only one vote. All questions shall be decided by a majority of votes of the members present and voting. When votes are equal, the chairman of the meeting shall have a casting or second vote.

42. clear days' notice shall be given to members for a meeting of the general body

43. No amendment to, alteration in, or cancellation of, a by-law and no enactment of a new by-law shall be made except at a general meeting of the members or shall take effect until it shall have been approved by the Registrar.

Loans

44. Loans shall be given only to members, but no member can claim a loan as a matter of right. Applications for loans shall be disposed of by the Board of Directors.

45. All applications for loans shall be made to the Secretary in the form prescribed for the purpose. He shall place them before the Board of Directors which shall have discretion to grant or reject loans without assigning any reasons.

46. Loans may be given only for the following purposes:
(i) Redemption of mortgages.
(ii) Improvements of land or of methods of cultivation.

47. No member shall at any time be indebted to the bank by way of principal to the extent of more than Rs. 1,000 on account of any loan or loans taken by him. Subject to this maximum, a member shall be eligible for a loan not exceeding Rs. for each share held by him. Further the loan given to a member on the mortgage of land shall not exceed three-fourths of the estimated net income from that land during the period of the loan.

48. Interest on loans granted by the bank shall for the present be charged at 9 per cent per annum, the first year being reckoned from the date on which the loan is paid to the corresponding date of the succeeding year.

49. Every loan shall be secured by a mortgage on the land to be redeemed or improved by means of the loan and shall not exceed 50 per cent of the estimated market value of such land. The mortgage shall be without possession subject to the condition that if the mortgagor fails to pay principal and interest according to his contract the bank shall be entitled to take possession of the land for such term not exceeding twenty years as the Board of Directors may consider equitable. All bonds shall be duly registered under the Registration Act

50. The Board of Directors may require an applicant for loan to mortgage all or part of his other immovable property as security in addition to the mortgage of land prescribed in by-law 48 or may require him to give two reliable personal sureties who must be members of the bank.

51. The land mortgaged to the bank as security under by-law 49 shall have no prior encumbrances save the mortgage or mortgages to be redeemed by the loan given by the bank. Further it shall not be made subject to any subsequent encumbrances either by way of further mortgages, sale, gift or otherwise to any one except the bank and except with the previous sanction of the Board of Directors.

52. When a mortgage deed is executed by a member, the Board of Directors shall insist on all persons interested in the property joining in the execution whether such persons are themselves members or not.

53. Every application for a loan shall be accompanied by the title-deeds and other documents relating to the land proposed to be mortgaged. All land proposed to be mortgaged shall be inspected by two members of the Board of Directors deputed for the purpose by the Board. The members so deputed shall submit an accurate estimate of the market value of the land and a list of all persons having any interest therein specifying the interest of each. Every applicant for a loan shall pay the travelling expenses of the members deputed to inspect his land. These expenses will be calculated according to a scale prescribed by the Board of Directors with the approval of the general body.

Members of the Board of Directors deputed to inspect land proposed to be mortgaged shall in all cases be held strictly responsible for the correctness of their reports, estimates and valuations.

It shall be competent to the Board of Directors to reject any such report, estimate or valuation.

54. No loan shall be granted for a period exceeding twenty years.

55. Should the Board of Directors be of opinion that a loan granted by the bank has been applied for a purpose other than that for which it was granted, it shall at once take steps to recover the loan with interest without waiting for the expiry of the period for which it was granted.

56. The Board of Directors shall have power to call in a loan without reference to the term for which the loan has been granted—

(i) if the land mortgaged as security for the loan is in danger of being swept away by river or flood or silted up with sand;

(ii) if the borrower acts as described in by-law 13 or acts in such a way as to cause loss to the bank;

(iii) if the value of the land mortgaged to the bank becomes depreciated and if the borrower fails to give additional security to the satisfaction of the Board of Directors or if the borrower fails to repay a suitable portion of the loan as determined by the Board of Directors: and

(iv) if for any reason the Board of Directors consider that in the interests of the bank the loan should be called in.

Whenever the Board of Directors require a borrower to repay a portion of his loan as contemplated in clause (iii) above, abatement of interest shall be allowed on the portion of principal so paid notwithstanding anything contained in by-law 57.

57. The borrower may repay to the bank at any time before the due date the whole or any portion of the loan outstanding against him provided that in addition to the interest which has accrued on the whole sum outstanding up to the date of actual repayment, he shall pay interest for a further period of three months on all sums so repaid in advance of the due date except where the period between the date of actual repayment and the due date is less than three months in which case he shall pay interest up to the due date on the sum so repaid in advance.

58. The period for the repayment of each loan shall be fixed by the Board of Directors within the maximum laid down in by-law 54. Every member who has taken a loan from the bank shall repay the amount in equal annual instalments, interest being calculated on the amount outstanding from time to time or by equated annual instalments, including both interest and principal. If a borrower is in arrears in respect of any instalment the whole outstanding loan becomes recoverable and the Board of Directors may and if the default continues for a period of more than three months, shall at once close the account. On overdue instalments of principal, interest at the rate of $12\frac{1}{2}$ per cent per annum shall be levied in lieu of the rate of 9 per cent per annum laid down in by-law 48.

59. The amount of paid-up share capital, deposit and any other money to the credit of a member or a past member shall be subject to a first charge in favour of the bank in respect o any moneys due to the bank from such member or past member. The bank shall be at liberty to appropriate the whole or any portion of such paid-up share capital or deposit or any other money or moneys due to the member by the bank.

60. When a member from whom money is due pays any sum it shall be appropriated in the following order:—

firstly to fees, fines, postal registration and other miscelleneous charges due by him:
secondly to interest; and
thirdly to principal.

61. When a loan is cancelled by the Board of Directors under by-law 55 on account of its misapplication, the loan account shall at once be closed without reference to the term for which the loan has been granted. When an account is so closed under by-law 56 or 58, the Board of Directors shall inform the borrower of the fact and of the amount outstanding against him, including interest up to date of closing the loan account. On the total amount so found due, the borrower shall be charged interest at $12\frac{1}{2}$ per cent per annum from the date of closing the loan account to the date of recovery and steps shall be taken without delay to recover the amount.

62. When a surety dies or ceases to be a member under by-law 8 or 13 and his name on that account been removed from the list of members, the Board of Directors shall require the borrower to produce a fresh surety. If a fresh surety is not produced or arrangements are not made to repay the loan within a time to be fixed by the Board of Directors, the loan account shall at once be closed and action taken as laid down in by-law 61. In respect of such accounts also interest shall be charged at $12\frac{1}{2}$ per cent per annum from the date of closing the loan account to the date of recovery.

13

63. If a member becomes ineligible for membership at any time and his name has on that account to be removed from the list of members under by-law 8 or if a member is expelled under by-law 13 or if a member dies and his heir or legal representative does not become a member of the bank and undertake to repay the loan according to the terms of the contract, the loan account if any of the member concerned shall at once be closed without reference to the term for which the loan has been granted, and action shall be taken to recover from the borrower the amount outstanding against him including interest up to the date of closing the loan account.

Interest shall be charged at 12½ per cent per annum on the amount so found outstanding from the date of closing the loan account to the date of recovery

Profits.

64. The net profit of the bank as declared by the Registrar every year shall be disposed of as shown below :—

(i) not less than 25 per cent shall be carried to the credit of the reserve fund ;

(ii) out of the remainder, a dividend subject to a maximum of 8 per cent per annum on the paid-up value of each share may be paid to members proportionately to the amount of paid-up share capital held by each and also to the period during which the paid-up share capital was so held during the year ; and

(iii) the balance shall be added to the reserve fund.

NOTE.—All undisbursable and indivisable profits shall be added to the reserve fund.

65. (1) The reserve fund shall belong to the bank as a whole and is intended to meet unforeseen losses. No member can claim a share in it. It shall not be drawn upon except with the sanction of the Registrar.

(2) On the dissolution of the bank, the reserve fund and other funds contributed by it under provisions of its by-laws shall be applied—

(i) to discharge such liabilities of the bank as may remain undischarged after the enforcement in full of the liability of the members of the bank :

(ii) to the repayment of share capital paid up ; and

iii) to the payment of dividend upon such share capital at a rate not exceeding 8 per cent per annum for any period or periods for which no dividend has been paid.

(3) Such portion of these funds as shall remain after payments mentioned in sub-clause (2) shall be applied to such local objects of public utility as may be selected by the general body and approved of by the Registrar. If within three months of the final closing up of the bank the general body fails to make any selection that is approved of by the Registrar, the latter may use the abovementioned portion of the funds in supporting other co-operative societies in the neighbourhood or shall place the same on interest or otherwise with some co-operative bank until a new co-operative bank with a similar area of operations is registered, in which event the funds shall be carried to the reserve fund of such bank.

Miscellaneous.

66. The Board shall prepare annually in such form as may be prescribed by the Registrar —

(*a*) a statement showing the receipts and disbursements for the year,

(*b*) a profit and loss account

(*c*) a balance sheet, and

(*d*) such other statements as may be prescribed by the Registrar.

These statements shall be made up to 30th June and a copy of each shall be sent to the Registrar within such time as he may direct. After the Registrar has verified the statements and granted his audit certificate, the bank shall publish such of the prescribed statements as he may direct in the manner prescribed by him.

67. In the case of a dispute touching the business of the bank between members or past members of the bank, or persons claiming through a member or past member of the bank or between a member or past member or persons so claiming and the Board of Directors, a reference in writing may be made by any party to the Registrar. Similarly, in the case of a dispute relating to a debt due to the bank by a member or past member or persons claiming through a member or past member, a reference in writing may be made by either party to the Registrar. The Registrar shall have power on receipt of such reference, either to decide the dispute himself or refer it to an arbitrator appointed by him or to several arbitrators, of whom one shall be appointed by him and one other by each of the parties to the dispute. The decision or award of the Registrar or of the arbitrator or arbitrators, as the case may be, shall be final and it may be enforced in either of these ways—

a) by an application made to the Collector of the district through the Registrar of Co-operative Societies requesting that the amount due under the decision or award may be recovered in the same manner as arrears of land revenue ;

(*b*) by an application to the civil court having jurisdiction over the subject-matter of the decision or award requesting that the court may enforce the decision or award as if it were a decree of the court.

68. Should any doubt arise as to the construction or meaning of the provisions of the Co-operative Societies Act II of 1912, or of any by-law of the bank or as to the validity or effect of the proceedings of a meeting of the Board Directors or of the general body, the Board of Directors shall refer the same to the Registrar of Co-operative Societies for advice and act according to his advice which shall be final.

Official Memorandum No. 593-III/23-18, Development, dated 28th October 1924.

[*Reference* :—Letter from the Registrar of Co-operative Societies, B. No. 4306/22, dated 1st June 1924—Land mortgage banks.]

The Government generally accept the proposals submitted by the Registrar for the establishment of land mortgage banks in the Presidency but they are unable to accept the recommendation contained in paragraph 17 of his letter read above that they should first purchase the debentures and leave the public to follow suit. The decision communicated to the Registrar in O.M. No. 593-III/23-14, dated 15th February 1924, will stand, viz., the Government will be prepared to take up half the debentures to the extent of two lakhs only if at least half the debentures to the value of two lakhs are taken up by the general public.

2. The Registrar is informed that the by-laws of the proposed banks have been scrutinized by the Advocate-General who has found them in order; and the Accountant-General has suggested that the transactions connected with the land mortgage banks might be shown against a separate sub-head 'loans for land mortgage banks' to be newly opened under 'Class V. Miscellaneous loans.' In view of the large demands on the Government for expenditure on the repair of flood damages, the inception of the scheme must be postponed until the beginning of 1925–26. They hope that it will be possible to provide two lakhs on this account in the budget of that year. The Registrar is requested meanwhile to work out the further details, if any, of the scheme and to arrange to have forms of trust deed and debenture bonds drawn up in consultation with the Government Solicitor so that everything may be ready for the scheme to be introduced from 1st April 1925, should the necessary funds be forthcoming.

G. T. H. Bracken,
Acting Secretary to Government.

To the Registrar of Co-operative Societies.

G. R. S. VI—G/32]

SUBJECT .....

.....

.....

Diary No. of letter replied to .....

General and Revenue Secretariat

( )

, the 192 .

Date of issue 16/4/25

Signed by .....

Section Law

File No. 50-24

Serial No. 3

No. 8259

To

The Registrar of Co-operative Societies
Mysore
Bangalore

Sir,

In continuation of ~~his~~ office letter No. 2C 7572 of the 8th May 1925, calling for some information ~~regarding the standard~~ ~~Mortgage~~ in connection with the Land Mortgage Bank proposed to be started in Mandya, I am directed to request you kindly forward herewith a typed copy of the Bangalore Urban Land Mortgage Bank rules and also a ~~fair~~ copy of the final report of the result of debt survey in Mandya by the ~~Deputy~~ Co-operative Inspectors ~~Assistants~~ during the ~~month~~ year for the purpose of which the Bank may be treated as immediate.

over.

Yours obedt servt

WD 0692 - GPB—18000—16-8 28

GENERAL & REVENUE SECRETARIAT
22 MAY 1925
LOCAL SELF GOVT. BRANCH

Telegraphic Address:
"COOPERT"
BANGALORE

DEPARTMENT OF CO-OPERATION. San 50-24-4

Office of the Registrar of Co-operative Societies in Mysore.

D. O. No. 509
Encl 2

Dated Bangalore, 21st/22 May 1925.

Dear Mr.Somesvara Iyer,

With reference to your D.O.No.8259/50-24-3 dated 16th May 1925, I send you herewith the only available typed copy of Mr.Ranga Rao's Land Mortgage Rules and also of the final report of the result of the debt survey in the Malnad conducted in 1918 received from the Malnad Improvement Special Revenue Officer. I request you to get copies of them made and return the originals to me early. As you wanted them urgently, I have sent you the original copies only.

Yours sincerely,

K H Ramayya

T.K.Somesvara Iyer, Esq., B.A.,B.L.,
[redacted], Asst. Secretary. Legis. Branch.
General & Revenue Secretariat, Bangalore.

Copies have been taken. A draft returning is sent
Issued L.8855 Q 1/6 6.6.25

Immediate

Section Sam

File No. 8a 21

Serial No. 7

No. 8575

Govt. & Mgmt

To The Economist Survey Officer Nasik

Diary No. of letter replied to 7291

General and Revenue Secretariat

( )

the 192

Date of issue 9/6/25

Signed by T I C S

List of enclosures

Copied by

Examined by

Sir

I am directed to forward herewith for your information ~~and record~~ a copy of the Land mortgage note prepared by Mr R Ranade when he was the Registrar of Co-operative Societies in Poona as well as a copy of the final report of the result of the Economic Survey conducted in the taluka

over

Ken

Robbins and Thompson
in the year ~~1925~~ 1928

Thanks.

28/7/76

Dr Wesley Thomas

JBK
11/5/25

JBK
1625

Section Law

File No. 58-24

Seria No. 8

Diary No. of letter replied to 7570

Do No. L8685

" 2 files Records

General and Revenue Secretariat

( )

, the 192

~~To~~

Date of issue 6/6/25

Signed by [illegible]

Dear Sir

I am desired to return herewith the copy of the Mr. Ranjakon Land Mortgage Rules & also of the final report of the result of the Settlement survey at Mankad conducted in 1918 vide your D.O. letter no 509 & the 21st Nov and June 1925.

Yours sincerely

D. 7/6

A/k 16/6 Asst Sy, Law

over

List of enclosures

Copied by

Examined by

To K.B. Ramanna, B.A. Pleader as the Rep. of Coorgs

J. 8/7/25

52039

No 284 Secl
27.6.25

GENERAL & REVENUE SECRETARIAT
129. JUN. 1925
LOCAL SELF GOVT. BRANCH

From

Prof. S. Kesava Iyengar, M.A., F.R.E.S.,
Economic Survey Officer,
Hassan.

GENL. & REV. SECTT.
Dr. ....
29. JUN. 1925
G. D. SECTION.

To

The Secretary to the Government, of Mysore,
Local and Legislative Departments.
Bangalore.

Sir,

With reference to your letter No. L. 8575/San 50-24-7 dated 2nd June 25. I have the honour to return herewith the draft Bye-laws put up by Mr. R. Ranga Rao for a proposed Mysore Land Mortgage Association and the Memorandum on the "Malnad Debt Survey" conducted in the Shimoga District more than a decade ago. I have to observe that this literature would perhaps have been of some use to me before I started this survey work, but at this stage I do not find any new suggestion or line of thought in either of the draft Bye-laws or the Memorandum.

I have the honour to be,
Sir,
Your most obedient servant,

Hassan
27th June 25.

S.G.

Economic Survey Officer.

Bye-laws.

1. This Association shall be called the Mysore Land Mortgage Association.

2. The offices of the Association shall be situated at - Bangalore.

3. The object of the Association is to grant loans to members.

4. The liability of the members of this Association shall be limited to the value of the shares held by them in the Association.

5. There shall be 20,000 shares in the Association of the value of Rs. 50 each.

6. Membership of the Association is open to every subject of His Highness the Maharaja of Mysore who is legally - capable of entering into contract and every registered Co-operation Institution.

7. Every member of the Association must take at least one - share and no member can own more than 100 shares in the Association.

8. Shares are not withdrawable nor transferable except with the sanction of the Association

9. The funds of the Association shall include share capital, loans, deposits, grants and other miscellaneous items but at no time shall the liabilities of the Association exceed the sum of Rs. 50,00,000.

10. The Association shall not grant loans below Rs. 1,000 - nor above Rs. 5,000 ordinarily, provided that where a loan is granted to a Co-operative Society for the use of its members, the amount of the loan shall not exceed Rs. 20,000.

11. Loans granted by the Association shall bear interest not exceeding 7 per cent per annum except for Short Term Loans under Bye-law 15.

12. Loans granted by the Association shall be repayable in equal yearly instalments not exceeding 30. Nothing in this bye-law shall be considered to preclude the borrower from repaying his loan wholly or in part in cash or in mortgage.

13. The loan and the interest shall be discharged by a system of equated payments.

14. The working expenses of the Association may be recovered by the levy of a charge not exceeding half per cent per annum on the loans granted by the Association.

15. Loans shall be granted by the Association only on the mortgage of immovable property except in the case of Short Term Loans which may, on suitable security, be granted for working expenses.

16. Loans granted by the Association shall not exceed 60 per cent of the value of the property which is mortgaged to the Association on account of those loans.

17. The valuation of the properties offered as security for loans shall be made by the Association in accordance with subsidiary rules to be framed in that behalf.

18. Loans granted by the Association shall not be liable to be recalled so long as the annual instalments and other charges due thereon are duly paid, provided that if a loan is utilised for a purpose different from that for which it was granted or if the property on which it is secured is, in the opinion of the Association allowed to diminish in value, the loan shall be recalled without reference to the terms on which it is granted.

19. Loans are also liable to be recalled -

i. If, after the grant of a loan the information obtained regarding the property, the charges - - thereon and the rights of disposal thereof is found to be incorrect.

ii. On the retirement of the borrower from the Association.

iii. If the debtor remains more than one year in arrear with a payment due.

iv. If for any reason the debtor ceases to be a member

20. If, in any case, not expressly provided for above. the -- Board of Management consider that a debt is in danger they shall recall the loan with the approval of the - Registrar of Co-operative Societies.

21. When a loan recalled by the Board of Management is not -- repaid within 6 months from the date of recall, the - Directors shall, in the exercise of the authority - - vested in them under bye-law 21, order a foreclosure of the mortgage and shall also have the power of distraint in the case of Short Loans, these orders shall have the same effect and shall be executed in the same manner as if passed by a competent Civil Court.

22. The Association may raise loans by the issue of mortgage bonds bearing interest not exceeding 6 per cent per - annum and liable to be redeemed at such period not -- exceeding 30 years as may be prescribed by the Association.

23. Mortgage Bonds shall not be issued except with the pre- - vious sanction of Government and they shall be in - - such form and contain such covenants and provisions - as the Association may with the previous sanction of Government prescribe in this behalf.

24. The Association shall draw for redemption by lot, as many mortgage bonds as its financial condition permits, or if the Association deems it preferable, it may repur-

chase its bonds instead of drawing them by lot.

25. The Association shall be at liberty to effect a reduction in the rate of interest payable on any series of mortgage bonds provided that option is given to the holders of such bonds to accept payment in cash at par value.

26. The Administration of the Association shall be vested in the following:-

i. Board of Management.

ii. Board of Supervision, and

iii. The General Meeting of the members of the Association.

27. Members of the Board of Management and of the Boards of Supervision must be members of the Association, provided that the Government of His Highness the Maharaja of Mysore shall have the right to nominate two persons to the Board of Supervision, and one to the Board of Management, whether members of the Association or not.

28. The Board of Management shall consist of seven members, six of whom are elected by the members and one is nominated by the Government of Mysore.

29. The Board of Supervision shall consist of seven members, five of whom are elected by the general meeting and two are nominated by the Government of Mysore.

30. The Board of Management shall administer and conduct the affair of the Association, prepare and issue agreements, declarations, etc., represent the Association by one of its members selected for that purpose at all legal proceedings. It shall also appoint, control and dismiss officials like book-keepers, cashiers, clerks, local agents, etc.

31. The Board of Supervision shall control and supervise the conduct of business by the Board of Management. In particular, it will -

i. cause the accounts of the Association to be audited at least twice a year by two of its members, who receive and pass the accounts of the Board of Management;

ii. present to the general meeting a statement of accounts;

iii. prepare all instructions necessary for the -- carrying out of these bye-laws;

iv. settle the principles of land valuation.

v. authorise the issue by the Board of Manage- - ment of mortgage bonds; and

vi. decide appeals against the decision of the -- Board of Management.

32. The business transactions of the Association shall be supervised by the Registrar of Co-operative Societies.

33. The Registrar has the right

i. to require the summoning of a general meeting

ii. to be present at the proceedings of the general meeting as well as at the meetings of -- the Board of Management and the Board of Supervision; and

iii. to inspect the books and the cash balance of the Bank at any time.

34. The accounts of the Association shall be audited at least twice a year by a duly certified auditor or by an officer deputed by the Mysore Government.

35. All other matters concerning the organisation and the - - working of the Association, as well as the remuneration if any, which the Board of Management, the Board of Supervision, the local agents and the auditors are to receive shall be fixed by Regulations to be framed by the Association.

The Regulations shall require the approval of the Government of Mysore.

36. A reserve fund shall be formed by the Association. To

this shall be carried -

i. a sum not less than 10 per cent of the net profits of every year;

ii. the interest on the capital of this fund;

iii. amounts not claimed; and

iv. produce of drawn and expired mortgage bonds.

37. Except so far as is expressly provided for in these bye laws, the Association shall be bound by the provisio of the Law on Co-operative Societies in Mysore.

" C O P Y "

H. Krishnamurthy Ayyar
for Secretary to Govt
22.9.22

E.W.M/2.

MEMORANDUM ON THE "MALNAD DEBT SURVEY,"
Shimoga District.

Chapter I
GENERAL.

Preliminary.-

1. Time taken.- The Malnad "Debt Survey" work was commenced in the first week of March 1917 and completed by the end of July 1917. The work consisted of enumeration or collection of statistics in a different form, tabulation of the results thereof and writing up of the report Excepting the time spent as short intervals of rest, journey, disappointments, inconvenient circumstances and other works, the actual period covered by regular work may be reckoned as three months for two Inspectors or six months for one Inspector, working on an average at 10 hours a day to complete the work of two hoblies.

In view of the approaching monsoon and the anxiety to complete the work before its advent, the work pushed through more vigorously than circumstances would permit and this rate cannot therefore be taken as the standard as such a work requires a much longer time still under ordinary circumstances.

2. Extent and scope of investigation.- Two hoblies, one in Sagar taluk and the other in Nagar taluk consisting of 70 villages in all with a total population of 20,242, according to the census of 1911 were taken up for investigation. But this later figure has since undergone a considerable change and it is not the object of this report to explain either the changes themselves or the causes therefor. The enquiry has however been based upon the recent Khaneshumari figures as far as possible, as these figures are a nearer approach to actuals at present.

Though the investigation has been confined to the children of the soil and some domiciled inhabitants here and there, yet it has been wholesale and thorough as far as practicable. Making a fair allowance for "absentees", "runaways" and "casualities," 2,095 families with a population of 11,063 have been actually investigated in 63 villages. Of

the remaining 7 villages, 4 are becharak and 3 including the town of Sagar, with a population of 4,316 were reserved.

3. Arduousness of the task.- A missionary zeal, energy, patience and endurance are the essential characters required on the part of investigators for an undertaking of the kind.

i. Familiarising the people with self and with the subject on hand, was the first and foremost plan adopted. Sentimental objections to reveal the domestic and private affairs, the unwillingness to disclose one's assets and liabilities in public, misapprehensions regarding the consequences of making statements before a servant of Government admitting certain facts which for special reasons might be kept a secret or be totally denied, these and similar imaginary fears and doubts on the part of the people had to be overcome.

ii. Preaching formed a great portion of the work explaining the real object of the undertaking and convincing each individual of the truth of the real motive of Government formed the essential part of preaching.

iii. Lectures had to be delivered on education, health, sanitation, agriculture, cattle, co-operation and other subjects of importance from the point of view of village and individual improvement as occasion called for.

iv. Repeating questions and extracting suitable answers for them were more than a mere machanical work.

v Each man had to be given his own time to come and to answer the queries put to him and time and tide had to wait for men in the present instance to get the response.

vi. Absence of ready made answers would often results in beating about the bush and racking brains for calculating figures on the spot.

vii. The inaccessibility of the interior parts of the country and want of the means of communication made travel a travail and duty a drudgery.

viii. Want of accommodation and suitable camping places was keenly felt as a permanent desidaratum in the local areas visited.

ix. The scattered condition of the houses in the Malnad village rendered the collection of men into a large gathering, next to impossible.

x. The miscellaneous calling and rural activities which kept the people otherwise engaged and the legitimate seasonal operations -- tended to retard the progress of work to some appreciable extent.

4. Accuracy of information.- 1. The tendency to under-rate the income or real worth of a man under certain preconceived notions and - imaginary fears, and the temptation to exaggerate the helpless condition ~~want only~~ were mostly assumed in some cases to awaken pity, and the tendency to over-rate the indebtedness and suppress the real financial position under a false hope that the Government would at once come to their - - rescue if they behaved as they did had to be checked with caution and care to secure correctness in facts and figures. Enough had to be -- said before the people could make up their minds to believe that an -- economic study should not be mistaken for a remedial measure and that a distant wish should not be misunderstood as instantaneous deed

2. Verification as far as possible by private enquiries, corroboration and inspection was resorted to in order to obtain information credible and correct.

3. An instance of particular variety of the mode of suppressing facts or giving a false scent, may be quoted here by way of illustration to show how far uncultured immagination extends when self-interest is predominating. In one of the villages where there were more de- - pendents, the spokesman who happened to be the only big man of the - - village, interpreted the answers of his tenants so as to indicate that the dependents who were at his mercy, were more well-to-do than he - - himself and that the landlords were more than kind and considerate towards their dependents and that the supposed Government interference - was not quite welcome inasmuch as, if it did really come, it should be to him and not to his tenants as otherwise it would deprive him of the

services of his dependents. And curiously enough this is almost solitary instance of a village where out of 30 families of ordinary - - means, 29 are better off than the one unfortunate being whose assets are over 30,000 rupees and whose annual expenses are greater than income, those of the rest being within limits. But due margin has - - been given to such statements and discretion exercised in regarding - the details. It may therefore be presumed that the information is - 90% correct

THE NAME

Before entering into the actual statistical portion of the - - subject for which Chapter II has been devoted, it is necessary to deal with the problem in general and consider the question in all its aspects of cause and effect With this end in view, the survey was -- conducted somewhat elaborately as a direct question into the point on hand would not elicit the required answers with anything like an approach correctness. An attempt was therefore made "to study the family's budget in all its details", It may therefore well be called "An Economic Survey with a family as the unit of enquiry."

Though this report is concerned with only the quantity of debt, yet a few remarks based upon observation and study of local conditions on other subjects bearing directly or indirectly on the question at -- issue, would not be out of sphere here.

Mental, moral and social problem intimately connected with those - of material progress cannot be over-looked though they may not be discussed here at full length.

The obvious and well-known conditions of Malnad with regard to its physical deterioration among the inhabitants, absence of civilization, impoverished soil, agricultural depression, unregulated custom and habits and uncertain seasonal conditions, may each form the subject of separate volumes which lie entirely within the province of more competent technical authorities in their respective departments, yet for purposes of this chapter, they have been touched upon as far as they concern an economic study and as far as they have their due share in the building up of an economically well-being nation and as far as -

they have conspicuously affected the material resources of the countr

That agriculture is the mainstay of Malnad, ~~it~~ is a fact es- - tablished beyond the shadow of doubt and needs no emphasis here. but suffice it to say that in this ~~xxxxx~~ occupation here, crushing labour and semi-starvation cannot escape notice of philanthropic observers. That the pampered few and toiling many are brought together under -- circumstances uncongenial to both has been more a rule than an exception.

That nature has ceased to ~~xhxxxxxxxxxxxxxx~~ shower its choicest - blessings evenly on all mankind. the strong and the week. the active and the lazy, the intelligent and the ignorant and the willing and -- the unwilling is rather a serious problem than a mire inviolable law of nature to which man can meekly submit.

Depopulation in Malnad about which much has been said and done is not the result of mere climatic influence which cannot be counteracted.

Social problems cannot be easily allowed to creep into the material system and eat into the vitals of the half starved labourer/ - who is the very back-bone of the country.

RAIN.

That useful element the rain which gives its name to these - - parts of the country " ಮಲೆನಾಡು " "The abode of rains" has not always been an unmixed blessing. It is indefinite, abundant and scanty by turns It is a double-edged sword which cuts both ways doing - - harm in both of its aspects of copiousness and scantiness. But these are beyond human control but their ~~region~~ rigor can be mitigated by ~~xxxxxxxx~~ unrestrained efforts and artificial means within the reach of man.

Failure of rain does not mean utter want but its untimeliness which amounts almost to failure.

WINDS.

The winds which are at once the friend and the foe of the - above element, assume a similar attitude towards mankind and what

they have contributed in Malnad in connection with the economic question will be explained in Chapter II in dealing with statistics.

EDUCATION.

Education which is the bais of all progress, has sadly denied its benign influence to the masses who are in blissful ignorance of their own daily affairs and much more of what is going on abroad in the wide world in regard to the struggle for existence and improvements in different occupations and in the absence of education, it is impossible to say how far these men can compare themselves with the outside world of their own class or standard and improve their own position if necessary.

All these factors have combined to contribute towards the -- economic depression in the Malnad and it is this state of affairs - which is the object of this report to reveal.

CHAPTER II.

Statistics and Explanatory memos.

For the sake of convenience and reference. tabular statements, typical cases from an economic point of view and statements showing the details of the financial position villagewarA etc., have been appended hereto separately.

Situated as the two nobles are in the same Malnad tract. yet the environments and consequently the conditions of the inhabitants slightly differ and hence they are separately treated in the memo and a word about each is said in the light of such surroundings.

Laxmipur hobli.

If tradition can be accredited and if ruins are an evidence of past greatness, it may be believed that Laxmipur was once literally the "Abode of wealth" as its name indicates. The name seems to have been the result of the whim and fancy of a single individual who is said to have formed treasure in a certain land -- close by the village site of the present Laxmipur.

The areca gardens at the foot of Kodachadri, which stand quite neglected now, were once the mainstay of a hardy and pious Brahmanical

sect called the Havikas whose unerring efforts and toils contributed ~~long~~ lovely towards the upkeep of the name which the hobli as a whole richly deserved.

But what is the present condition of this once famous hobli? If English language and official etiquette would permit a little indulgence in play upon words, the very expression Laxmipur would mean quite the reverse of what it was intended to represent. For, the Sanskrit word PURA " ಪುರ " which means a town, is generally written "PUR" and is pronounced "poor" the meaning of which word is too clear to need an explanation. Thus Laxmipur would then mean that Laxmi is poor here or that wealth is wanting as the statements appended will clearly testify. Though the average calculation presents a better aspect than it really is, yet the individual case viewed separately present a spectable more to be pitied than be laughed at.

That family which has so many branches and which owned extensive lands, is now almost extinct and all the fabulous riches have since dwindled into nothingness leaving behind them only a few acres of gardens overgrown with jungle to mourn the loss of the traditional greatness of the house.

One curious feature to be observed in this hobli is that in all the 24 charak villages which consist of over 1000 families and a population of over 6,000, there are only two tiled dwellings in one village belonging to two brothers of the same family. It is not merely because that there are no tiles locally manufactured or available but also because the people cannot afford to tile their houses It is also believed that the weather conditions would not permit tiles being used. There is no doubt a false economy also firmly believed in some quarters but it is more poverty than philosophy that has made them to feel contented with their lot. Most of these people are quite prepared to justify their situation.

The areca gardens in some parts of this hobli (especially near Mattikai or Sampekatte, Kattinahole and Manjagalale) have so much lost their value that they can be had for the mere asking; -- but there is none to ask for the same. For, everybody that possesse

even a piece is rather anxious to lose his hold on it as even the Kandayam of the land cannot be met along with other expenses But they cannot be once for all abandoned as there are no other means of existence to these people. The lands in these parts in these days are not as attractive as they were once. Garden lands which are estimated at Rs. 1,000 to 2,000 per acre in many places of -- Sagar hobli are estimated between 200 and 500 per acre in Laxmipur hobli.

The physical features the hills and dales alternating and the thick and wide forest intervening and the other conditions d. not admit of an extensive cultivation and the methods and uses of intensive cultivation are neither known nor resorted to

The heavy rains that pour incessantly during the four - - months from June to the end of September, not only bring with --- them that dreaded disease called Kole Roga among the areca nute - but are also a bar and ruin to most agricultural operations.

The floods of rivers and even the over-flow of hallas, submerge a greater portion of the cultivated lands bordering on them and the crops till then raised rot for days together or are washed away immediately.

The wind in these months may rightly be called a tempest and in consequence thereof, those artificial means of protecting the areca crop from Kole Roga which these people have adopted --- viz., the "Katte" (ಕಟ್ಟೆ) are torn and blown away and the -- tender areca nuts are scattered to the winds before they became - ripe or fit to be harvested.

The spraying system has not been adopted on any large - scale for special reasons and the trees once attacked are quite - neglected. The spread of infection is not arrested, nor is the root thereof eradicated. For these reasons, the areca crop cannot be relied upon as it may make or ~~mare~~ mar a man's fortune.

Sagar Kasaba Hobli.

Sagar hobli taken as a whole presents a much better prospect. Kole Roga is not sox virulent as in the Laxmipur hobli. The houses are more congregated in the villages and the value of areca gardens especially in and around Keladi, the former seat of ruling chief. is very high and however great the inter-local demand for the same, yet no land is easily parted with. The system of Huttalus (which will be explained in subsequent paras) also prevails here with the same -- modifications or altered conditions and consequences. Yet on the -- whole, the people seem far better off than those in Laxmipur hobli -- and the statements appended clearly show this state of affairs. No -- doubt the nearness to the town has its good and bad influences on the character of the people; yet considering the arithmetical calcula- -- tions. the material progress does not seem to be far below the par.

Main divisions of the population.

The population that has come under investigation, may be divid ed into three classes:-

(1) Landed. (2) Land-less, and (3) The Jeetalus

The condition of the first is far from satisfactory. that of the second leaves much to be desired and that of the third is deplorable. - To the first of these classes belong the Havika Brahmans who own areca gardens ~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~ in particular and the Lingayets who own some areca gardens and large areas of wet land. to the second. belong to Devaru or Hale Pika men who - - live more as Genidars with some exceptions here and there of those who possess land and are to some extent well off, and some Kotte Vakkaligas and to the third belong the Holeyas of the Mysore Province and the Hosalas of the Canara District.

One common feature among all these three classes is that all - of them are immersed in debt though their indebtedness may differ - - slightly in degree and manner. The first class possesses the means of liquidation. the second the power of liquidation while the third - has neither

If the landed or those that have the means of liquidation are

to become the subjects of any possible relief measure, the lands -- ~~from~~ source the Chief ~~Secretary~~ But in the Malnad the land exists for - the man and man lives there on account of the land. On him alone depends the value of land which in turn depends upon the crop or -- produce that it yields according to the quality and quantity of labour available Immoveable property though highly praised in other parts of the country, cannot play the same part here as there is -- neither demand for the same/nor competition in cultivation

The second class is entirely at the mercy of the first and - to help it is to help the first class to an appreciable extent as - this second class is entirely dependent for the land or on account of debts upon the land-lord. This class of people has nothing more than a mere personal security not to think of even movable - property or livestock which are quite insignificant.

Jeetalus.

Then comes the third class. The ancient system of Jeetalu though savours of an agrestive slavery, is yet a necessary organization. The Jeetalu is a necessary appendage to the family of a --- land-owner if not part and parcel of the same. Opinion may differ as to the soundness of argument in favour of the existence of this class but it has however been keenly felt as a desirable and indispensable necessity among the owners thereof while the Jeetalu himself thinks that he lives for the sake of others

The grievances of the former class are that the number of -- Jeetalus who may well be substituted for agricultural labourers, is not sufficient and that the few that are attached to one family are easily led astray and they go in search of fresh fields and pastures. Though they are indebted to their former master in the financial sense of the term, yet they are often under no moral restraint to think of their indebtedness in the event of their deserting him. But the monitary consideration is too small for them to be life-long debtors except under a moral obligation. The very term Jeetalu has come to imply a prior indebtedness.

The temptation offered by injudicious professional jealousy

Jeetalu whose sense of obligation does not extend beyond the immedi ate part he gets and the temptation yet in prospect. But no legis lative measure can remedy the evil. The wounds inflicted by - thoughtless selfishness or short-sighted wisdom must be healed by a bit of self-sacrifice and well regulated communal feeling and broad-minded relaxation of the moral code. If the land-lords of the Mal-nad, who, sailing in the same boat, will form themselves into an asso- - ciation and regulate their system of entertainment and service of - - Jeetalus with a far-reaching end in view the question of the "Runaway or deserved Jeetalu" will be easily solved

The Jeetalu is fed, clothed and married, which acts are more the concern of his master or "Wodaya" than his own. The only occa-sion on which a Jeetalu borrows both in kind and coin is at the time of his marriage and the amount varies according to one or more mar-riages he has had, each time at the expense of the master for which, the Jeetalu and his family are bound to their master life-long. On the working days however. the Jeetalu is fed and paid in kind. Women and youngsters are similarly treated but ~~wkx~~ with nearly half the -- rate of the payment in kind generally issued to men and adult mem- - bers. Thus they live a hand-to-mouth existence and their earnings, expenditure and the amount of debt they owe to their master cannot be rightly estimated. As the exact amount or duration of debt cannot be determined by any authentic sources of information, as the quanti ty recovered by service rendered, which is not usually calculated in terms of money, is not deducted, as this debt carries no interest -- and as it is not redeemable in cash, the debts of Jeetalus are very unreliable. Their relief is attended with great risks.

GENERAL ECONOMIC CONDITION.

The economic condition in general will be clear from a --- glance at the following abstract

FAMILIES 2,093. POPULATION 11,063.

No.	Items.	Amount.	Per family.	Per head.	Ramarks.
1.	Total worth.	24,07,339	1150 13	217 60	The Sagar hobli alone - works to 42. 85% per head and Laxmipur hobli to 49. 82% per head of debt if - each is considered separately.
2.	Total annual income.	6,29,833	300 92	56 93	
3.	Total expenditure.	6,15,568	294 10	55 64	
4.	Total debts - existing.	5,03,665		305	
5.	Amount of relief required.	3,00,838	143 73	27 19	

DEBT Quantity 5,03,665.

This works up to 305.4 per head taking the head of a debtor family as the unit. This no doubt is abnormally high, and is enhanced by the fact that the earning capacity of each individual is very ~~xxxxx~~ low. But one peculiarity to be observed in regard to Malnad debt is that it is not so much hard cash shelled out at any one time by the creditor as it is the accumulated arrears of petty accounts carried forward from time to time and from generation to generation with interest, compound interest and value of goods supplied added on. It is an ever running account.

Number of debtors and their proportion to total families.

The following statement furnishes the details of the number of debtors among the investigated families and their proportion to the families:-

Hobli.	Total families investigated.	No. of debtor families.	Proportion to total families.	Remarks
Laxmipur.	805	679	84.34 P.C.	
Sagar.	1288	970	75.31 P.C.	
Total.	2093	1649.	78-78 P.C.	

Cases of debt.

Poverty engenders much that deserves pity rather than blame and in many cases poverty is the cause of indebtedness and debt enhances poverty. That the Malnad is debt-ridden has become proverbial and it would be multiple-echo to repeat it here. The Dewan of Mysore has on one occasion said "Many a person starts life with the encumbrance of a debt contracted for his marriage, -- which he is never able to shake off on this side of the grave." Alas! This is too true of Malnad.

From one examination of the individual cases, it will be seen that under the causes for indebtedness the following appear more conspicuous than any other:-

1. Marriage.
2. Purchase of cattle
3. House-hold expenses.
4. Litigation

Social customs and habits and the part they play in regulating rural economy.

(a) The evils of social custom have entered the poor man's cottage as well as the Land-lord's mansion. One of them is the -- system of "Tera" (ಶೆರ) or bride-price or the system of bidding for a girl, as if she were a marketable commodity, or demanding high price, to give one's daughter in marriage to another. This system is prevalent not only among the Hale Pikas or Devaru classes but -- also among the Havyaka Brahmans and Lingayets to some extent. The poorer the man that intends to marry, the greater the demand for -- this Tera and it may sometimes, though not compulsory, rise with the status of the man whose house the girl has to enter.

(b) There is also among Shishuvarya people, some of whom inhabit a portion of Laxmipur hobli in Nagar Taluk, a system of mutual exchange of brides. A brother and a sister of one family is to be married to a sister and a brother of another family instead of paying in coin for either. This is no doubt a more economical system but the only evil consequence of this system is that a man

has to remain unmarried if he has not got a sister. There are at present a large number of these unmarried though long past the - marriageable age.

(c) Another system prevailing among them in recent years is to demand money from the bride-groom's party for marriage expenses, not as Tera but as a loan without interest. This ~~account~~ amount is never returned and ultimately it becomes a bad debt or an indirect bride-price. In most cases the poorer the bride-groom, the larger the - amount demanded as has been said before and in all cases the bride-groom in his turn has to borrow this sum.

(d) A great many people also spend large sums of money on - marriage occasions for mere vain pomp and unnecessary waste.

(e) Marriage goes a great way in regulating the domestic -- economy both in the act itself and in the future result. Among - the agricultural labourers, a wife is not merely mistress of the house but a half-mate and a companion to her husband in the field. Even the most hard-working and expert agriculturist feels and admits that his agricultural operations and his efforts will not be perfect unless he has a woman's helping hand. It is more on this score that even the smallest and humblest agriculturist tries to - marry as often as possible and necessary and at any cost, not from motives of lust or love but from this silent and time-honoured custom, so that, though the man may grow a lot in his fields, yet he must have a woman to give it a finishing touch or secure the produce in the most frugal manner, So that most men among the agriculturists marry to earn and not earn to marry. This necessitates again a - debt for a marriage.

(f) In the course of investigation, instances have come to light in which a great number of men have married more than once. that yet many are childless. that the death rate among women is - greater than among ~~wo~~men and that a great ~~minority~~ majority of women die in pregnancy and of child-birth. As far as a layman's knowledge on the point goes, it is not merely the unhealthy condition of the -- Malnad or a particular aspect of the climate that contributes to-

wards the above state of affairs. but also the standard of comfort and the method of treatment of women in an interesting condition - and in confinement. These methods of treatment are not merely crude but are also cruel and savage if we may use a strong term - with good intentions.

Their superstitious beliefs lead them to a process of hearir what they call "Nimitta" (ನಿಮಿತ್ತ) and seeking half of an irresponsible and ignorant quack rather than of any trained medical - practitioner or the advice of a technical man of sound common sense

The devil haunts each and every shed of a woman in labour - and has its abode in each and every tree that an unlucky man or woman of indisposition comes across.

Pregnancy in women in the Malnad is looked upon more as a -- step in the grave for her than as a precursor of a happy progeny or the prospect of a future generation. But all this means money - - from them and money they cannot command without stretching their -- hands for a loan.

Purchase of cattle

Purchase of cattle is one of the items of recurring expenditure leaving ~~xx~~ heavy debts. That cattle are indispensable for an agriculturist and that it is almost a wealth to him needs no demonstration and loss of the same means double expenditure inasmuch as the sum already invested on it is lost and a further sum is required for a fresh purchase. In these parts the cattle are subject -- to the various diseases which instantaneously carry them away sometimes in lots and at other times in smaller numbers

Another danger to which these cattle are exposed especially in the Laxmipur hobli is the tiger pest. These two causes pest and pestilence create a great havoc in the far off places where local remedies for the evils cannot have ~~deserted~~ desired effect and where patent medicines or technical advice cannot be readily hand. But these cattle-buffaloes generally are purchased either on credit -- system or from borrowed capital.

The Havikas of Laxmipur hobli seem to have a mania for purchasing one or two she-buffaloes every year at a very high cost -- and on annual instalment credit system which will be explained in the succeeding paras. When these are taken home they are either killed by tigers or swept away by some disease peculiar to this -- class of animals. Thus even before the price is paid in full for which the purchaser has already become a debtor, there will be demand for another buffalo or two. In this way the income of the seller or the lender goes on multiplying by leaps and bounds while the debt of the purchaser Havika goes on increasing.

In this connection, it may not be out of place here to give a brief account of the process of this increase of debt -- among the purchasers of buffaloes and the extent to which this sum has reached. It may also be here noted that the majority of the agriculturists of Laxmipur hobli are using she-buffaloes for ploughing purposes in preference to bullocks. Thus the buffaloes sale here have found such favour with the people and "Mareru" a sect of probably Maharattas who came here from the maindan countries of the Bombay Presidency, have settled in Honnavara, a place in South Canara District, which is bordering on the Laxmipur hobli. They came here about 30 years ago for selling buffaloes. They made such good lots of money by their trade that they have now in addition to it, become money-lenders. One of them whose name though very familiar in these parts and found in almost every page of the record under advertence, may here be omitted, seems to have lent half a lakh of rupees in the Malnad parts of this hobli. He seems to have been content with 12½% interest and is known to lend -- money on pledges of jewels and on mere pro-notes. He is known to give no trouble of any kind in the interval between the borrowing and the due date for repayment and in due date he is satisfied if he is paid the interest in coin and the principle in a lumpsum. He is also known to be lenient in granting extensions whenever required. Thus these comparatively fairer terms would make no burden of the debt for borrower until it is too late for him.

The buffaloes are settled for a certain price half of which

is paid on the spot and the other half stipulated to be paid within the next year. Next year as has been explained above the purchaser comes not only with the old arrears but also with a fresh indent.

Expenses on unproductive purposes.

Another cause of debt is found in the fact that extravagance has invaded rural homes. Large sums of money are spent not on luxuries nor for comfort but for unproductive purposes. The expenses in Laxmipur hoblies are greater than income and the surplus or extra expenditure is met by an inevitable debt. In 99 cases out of a hundred, the man scarcely knows what amount he has actually spent on certain items and what the return therefrom will be. The same weakness may be observed in regard to cultivation expenses. The return from land is not proportionate to the outlay.

Litigation is not uncommon. Those cases that are taken to Court are too complex and so dexterously woven that they defy even the most minute subtlities of law and the intelligence and common sense of the brightest legal luminary. In these Law Suits before the parties come out successful or otherwise, the affair will now consume more than it deserved or the parties could sustain. These expenses are borrowed again. There is the instance of a man who says he has lost 10,000 rupees by litigation

That in Nagar taluk especially the Khatedars are comparatively fewer than in other taluks is a well known fact and much of the agricultural operations has to be done by other than owners of lands and by paid labourers. The system of employing below ghat people for all works connected with the wet cultivation is eating into the vitals of the owners of land. Expenses have to be incurred in cash and kind for payments to these people. Their work is not adequate to fetch even the sum spent on them. They make the land owners themselves lazy, indolent and ease-loving. Thus the owners of lands run into debts to compensate for all their sins of omission and commission, in regarding the labourers of those whose interest are never identical with those of the land-lord.

The absence of present proprietors and the want of indigenous labourers partly account for the inadequacy of the return -- from land. The indolent and impoverished land-lord and the indifferent and unsympathetic tenant (or cultivator) are mainly responsible for this state of affairs.

Methods of dealing.

Another important feature to be observed in regard to Malnad debts is that they are in most cases advances made for a future profitable bargain on the part of the lender and earnest money to fulfil a certain promise on the part of the borrower. The stipulation that the amount borrowed has to be returned in kind especially areca nut forming medium of exchange though not explicitly stated in any document or written deed, yet observed in practice and the long usage, is by far a source of considerable loss to -- the borrower of money. The estimated value of his produce carries no interest, because the rates will not be settled then and there, while any amount borrowed on the pledge of this property is charged at the prevailing rates. Thus the poor borrower is made to suffer a double loss.

Rate of interest.

The rate of interest though not apparently very high calculates to an enormous sum when the rules of business are impartially exercised. The rate especially stated ranges from 5% -- to 12½ per cent according to the nature and credit of the borrower and the quantity of amount borrowed.

The instalment system has made life-long debtors of a - - great many without either the earnestness or effort to free themselves from. It is almost a slow process never harsh but ever gentle. There is not as much of hypothecation or mortgage as of pro-notes on ordinary personal securities. In many cases borrower's entire property, moveable and immoveable, ~~those~~ does not represent even half as much as the amount of debt. But how the creditors ventured to advance so much money leads to all sorts of - conjectures. One of them is as has been said before that no --

that no paid cash is at any one time shelled out but the debt of represents the settlement of all old and running accounts.

The illiterate agriculturists are not aware of the magnitude of their income and expenditure. As they cannot rightly estimate them or put them down in fact and figures. They are not aware what amount they owe to others as they do not know even the ~~rupees~~ digits three - to note down at least on a rough scale their monitary transactions. Even the so-called literate people have not maintained any sort of account regarding their affairs. The Kandayam has to be ascertained from the Shanbhog and the Patte Book and his dues to others from the Sowcar and their Samprithi Patties.

CHAPTER III.

Possibilities of remedial measures.

The accumulated misforturnes have driven men to despair and they have quietly resigned themselves to their fate. But inaction is no remedy against calamities. The power of existence should -- not be tried beyond the limits of perfect recovery. It is high -- time that they should gird up their loins and be ready to grapple - with foe before he gets the upper hand.

The people have higher aspirations of life. They are content to drag on their miserable existence. They must be awakened from this long-accustomed lethargy and slumber and must be prepared for combating the calamities. which are already staring them in the face and which are yet in store for them. The spirit of enthusiasm must be kindled, fanned into flame and the heat ~~the~~ and light thereof - taken to their very doors. If an institution which can undertake all this life, leaders of so many healthy movements, should be established from which an apostle may be sent from door to door, in season and out of season, I believe the work of amelioration of the condition of these people will then be far advanced in the path of achievement. If the heated iron is allowed to cool itself, it becomes as bitter as, if not more than before. Constant hammering in the - right direction will give a shape to the crude metal and statues -

can be moulded out of it only when it is in a molten state and continuity of effort lands to success.

What the survey has done.

(a) The usefulness of the survey work may be looked at - - from two points of view viz., those of Government and those of -- the public at large. It has enabled us to understand not only the quantity of debt but also the causes therefor. It has re- - vealed to us the real economic condition of the people dealt with and the remedial measures may now be thought of on a better basis and proceeded with on more definite lines.

(b) As regards the people themselves, it may be said that the Government is always on the look out for opportunities to - - better the condition of its subjects in all possible ways, and -- they have learnt to approach us with less reluctant steps than at the beginning.

(c) It has been a great eye-opener for them. The alarming nature of their situation has been brought home to them. Thev - have just begun to realise their position about which they were - quite in the dark till now. It has set them thinking if not -- working as yet and to put it in the words of a great man, with a slight alterations "The machine is set to work", we have to feed it with fuel and water, oil the joints and screw up the bolts and nuts from time to time.

What the Government may do.

State aid in financing the pecuniary distress of its sub- jects, endangers self-help and thrift and makes men enemies of -- themselves and their neighbours. A man who can demand as a mat- ter of right, financial help to purchase a land or cultivate the same, does not hesitate to proceed farther still and depend entire- ly on the same resources for his daily domestic necessaries His needs double, treble and quadruple without restraint every day -- and he thinks it the bounden duty of the Government to protect -- him and save him from the embarrassment and there will be no limit either to the nature or quantity of the demand.

As has been detailed in the preceding chapter the debt of -- only two hoblies is known to be Rs. 5,03,655/-. The quantity is - too prohibitive for the Government tolaunch upon any scheme of relief, for, the same concessions have to be extended to all alike, - the amount becomes enormously great and at this average. Besides, relieving the people of their prior indebtedness is not a productive concern as far as the investment of Government finances is concerned. But the Government can suggest useful measures and remove obstructions in the path of the progress. The Government may give an impetus to the establishment of a labour bureau to regulate the system of getting labourers from outside the Province -- and managing them and encouraging indegenous labourers.

However benevolent the Government Institutions may be, yet every villager prefers his old master's apparent leniency and - long rope methods of dealing, to strictness, punctuality and openness that the Government institutions advocate in their own inte- rests. Thus arises the necessity for an individual and co-operative effort on the part of the people, to extricate themselves from the bonds of an everlasting debt. We have gathered from the circumstances explained in previous chapters that local capital, local security and local management alone have to enter into the concern and without local sympathy and effort no scheme however philanthropic in its ends, will succeed except those that are attended with - penal clauses.

Development of Co-operative Societies.

Besides, at the present stage there is more harm than good - in multiplying the views of institutions as the commonness of their aims cannot be easily comprehended by uncultured minds of the mass. -- The Co-operative Societies therefore, if developed and modified so as to suit the malnad conditions exclusively, are sure to do more - good than any other institutions which may be thought of

The smallness of amount lent and the shortness of time granted for discharging the loan in the existing co-operative societies, have been construed as a desideratum but the rules regarding these/

items may be relaxed wherever necessary. Except in the infant stages of societies, societies whose collected capital does not go beyond three digits, except in societies where the system of lacking up capital for an unusually long period in the hands of a few and monopolising the benefits of cheap credit is anticipated and except in a society where the evils of cheap credit are apprehended, there is prohibition in any co-operative society for big and long term loans being given according to local requirements.

The co-operative organization is growing more and more important day by day and with a well organised and financed Bank like the Provincial Co-operative Bank of Bangalore, a self-governing body of unselfish Bankers cannot fail to control the entire debt-ridden families of the country

The co-operative movement in the malnad is yet in the preaching and organizing stage. But still the results of the past labours have amply justified the saying "Slow and steady wins the race." The progress has not been slow either. For the history of co-operation in the state shows that the malnad was a bit slow in catching the idea but not in the development thereof.

There are two societies in Laxmipur hobli one at Sampekatte and the other at Adagalale, two of the convenient centres for such a work, and four in the Sagar kasaba hobli also conveniently situated, and about 300 men have joined them till now within a short period. Owing to some local disadvantages and unfavourable environments, some of them have not been up to the mark but under a careful and special nursing they may reach the desired standard of efficiency in due course.

Establishment of a Grain Bank.

Little or no effort is made by the people to provide themselves against the calamities of the season in regard to food grains. They are in the habit of borrowing in kind from their more favoured brethren at an abnormally high rate of interest

under what is called a Hali System and paying back the same in similar kind during the harvest. Grain Banks may therefore be established with advantage.

Encouraging subsidiary occupations.

There is little or no variety of occupation in the whole of the two hoblies under investigation. Even such professional men as a barber, carpenter, smith and gold-smith have taken to agriculture as their main occupation to the detriment of their legitimate ones. If on the other hand, their respective professions are developed in addition, they are sure to prosper better.

Trade is unheard of in rural parts. Except a distant shandy or a Headquarter Bazaar, there is no place in the malnad where at least the bare necessaries of life can be had and no man has made any profession of it to deal in such articles in the village circles

Industry has no scope. Kambali is the only article of Industry which finds a large sale in the rainy season and the supply cannot but be got from outside. Even the traders come directly from other parts of the Province and no local merchant seems to have stood up to meet the demand.

Even such a thing as a cart or a plough is not locally repaired not to speak of its preparation in the places to which they have been introduced. The carts are brought from outside and the agricultural implements are shabby and worth nothing and even their repair is not worth while. Smiths or carpenters may try to make their usefulness felt here.

Free grant of lands in deserving cases on Sraya system or some other system.

The same concessions as are shown to the new settlers, may also be extended to those that form indegenous population and yet are land-less. It is not the object of this suggestion to withdraw those men who are making their living on semi system of tenure but to employ on agricultural pursuits those that are wasting their time and energies on the plea of possessing no land of their own.

Sowcara and Money lenders.

There are four classes of these people (1) those that are making fresh advances every year either in coin or by supply of goods and recouping some of the old advances as opportunities -- occur, (2) those that are content with recovering in coin their old dues either in easy instalments or if possible in a lump-sum without making further advances, (3) those that are insisting -- upon payment in areca produce, and (4) those that are satisfied if their lands are tilled and if in addition to the stipulated - quantity of grain, they get a portion out of the grower's share towards the interest. It is hard to understand whether the people made the sowcars what they are or whether the sowcars made - debtors of the people, why all men are not sowcars as all men are debtors in a system It must be superior wisdom which - - helps men to rise about the common level.

Some of the sowcars live in the midst of their debtors, -- others at distances, ranging from 10 to 15 miles. Some of them are shop-keepers who supply things on credit, their relationship is not merely the one that is between a debtor and a creditor. A sense of mutual obligation also binds them together very often.

A system of cash sales from a well replenished store and a ready market for the areca-nut without the middleman's interference will amply assist in reducing the debts in the malnad.

Conclusion.

The influence of the sowcars cannot be slighted or dispensed with. If all the local money-lenders will co-operate with Government not because they have to recover their arrears and debts, but because they have to free their humbler brethren from the clutches of the Demon Mammon, then the greatest good of the greatest number will not be a mere Utopian Theory but a Herculean task achieved and immortalised.

" C O P Y "

A Krishnaswamy Ayyar
Secretary & Curator

7/6/12.

No. 6855/25.

DEPARTMENT OF CO-OPERATION
GOVERNMENT OF MYSORE.

Tel. Address:
"CO-OPERT"
BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

FROM

Dated Bangalore, 24th June *192* 5

K. H. RAMAYYA, ESQ., B.A., BAR.-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE, BANGALORE.

To

K. V. Anantharaman, Esq., B.A.,
Secretary to Government, Revenue Department,
B a n g a l o r e.

Sir,

With reference to your letter No.I.C.7592/C.S. dated the 8th May 1925, I have the honor to submit herewith for the information of Government a copy of the Rules regarding Land Mortgage Banks proposed to be formed in the Madras Presidency.

This was called for in connection with the Madras Improvement Scheme the main file is being dealt with in the L.S.G Br. to which this may be transferred.

I have the honor to be,
Sir,
Your most obedient servant,

K H Ramayya

R e g i s t r a r.

No. 6925

DEPARTMENT OF CO-OPERATION.

GOVERNMENT OF MYSORE.

Tel. Address: "CO-OPERT" BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

REVENUE SECRETARIAT. 54 L 3 JUL. 1925 LOCAL SELF GOVT. BRANCH.

Dated Bangalore, 29th June 192 5.

30

From

K. H. RAMAYYA, ESQ., B.A., BAR.-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,
BANGALORE.

G. D. SECTION. Rs. 1 - JUL 1925

INDUSTRIES & COMMERCE BRANCH. SECRETARIAT. 1 JUL 1925

To

K. V. Anantharaman, Esq., B.A.,
Secretary to Government of Mysore,
Revenue Department, Bangalore.

Sir,

With reference to your letter No.8583/Gn.5-20-6 dated the 26th instant, I have the honor to state that a copy of the Land Mortgage Banks of the Madras Presidency was sent to you with my letter No. 6856 C8 dated 25th June 1925. Regarding the consolidated - review of the statistics of the debt survey of members of Co-operative Societies, I have the honour to state that these results have been mentioned in the Annual Report of the Department for the yea 1921-22. In the subsequent years this survey was not undertaken very vigorously on account of the necessity for devoting more - attention to the consolidation work and to the weeding out of all useless societies and to the inadequate allotment made under T.A. for Inspectors.

The method of survey was also found defective in some - respects. The investigation was confined to members of Co-operative Societies, and for purposes of statistics, whatever statement were made by them at the time of investigation were recorded without making any attempts to verify their accuracy. The mebers being illiterate, could not guage the significance of their statements nor could they give correct information for the headings of the investigation form. with the result. that the conclusions - drawn therefrom did not invariably show the true state of things. The investigation, being confined only to members, no conclusion could be drawn also for initiating any schemes for bettering the condition of the people.

In view of these facts, I considered it necessary la

P.T.O.

last year to have the investigation completed thoroughly for a number of villages where societies were working. In the meanwhile the Government also appointed a special Officer for doing the Economic Survey of a number of villages both in the Malnad and the Maidan. I wish to discuss the matter with him in detail and come to some definite understanding about undertaking the survey of the condition of villagers, departmentally

I have called for reports from the Inspectors and Assistant Registrars about the work done during 1924-25 and shall submit the results after the consolidated statements are received from them.

I have the honour to be,
S i r,
Your most obedient servant.

K H Ramaya
Registrar.

App.F.VI GI.]

B650

SUBJECT

Section

File No.

Serial No.

Diary No. of letter replied to

D.O. No. G.2361

To

General and Revenue Secretariat

( )

the 19

Dear Sir,

Land Mortgage Banks Supply 50 copies

~~I send herewith~~ Received Madras

~~a copy of G.O.~~ order No. 484 dated 1st June 1925

and its enclosure ~~letter No A.4306/24~~

dated the 1st June 1924 from the Registrar Co-operative

Societies to the Secretary to ~~Govt. Dev. Dept.~~

~~Madras~~ re Land Mortgage Banks ~~and request~~

~~you to be so~~ as to ~~print~~ and supply

~~50 copies of the same~~ on a very early date.

Yours sincerely

over

Date of issue 14.10.1925

Signed by for Jr. V. Iyengar

List of enclosures

Copied by

Examined by

.O. No. G. 2777-89

GENERAL AND REVENUE SECRETARIAT,

Bangalore, Dated 24th October 1925

Please address all communications to the Secretary, Malnad Economic Survey Report Committee.

MALNAD ECONOMIC SURVEY REPORT COMMITTEE.

...

Dear Sir,

In continuation of my previous letters forwarding certain papers for perusal I am desired to enclose herewith copies of the following three for study in the same connectio

1. A collection of notes and orders regarding Malnad Improvement issued in 1914,
2. The Madras Government Order regarding Land Mortgage Banks,
3. A Note by Mr. M.S. Subba Rao regarding Land Mortgage Credit.

I have already intimated that the meetings of the Committee will take place on the 6th November and the following days. The meeting will be in the Second Member's Chambers in the Public Offices and will begin on the 6th at 8.30 A.M. and on succeeding days at such time as might be most convenient to the members and may be settled at the meeting on the 6th.

Yours sincerely,

(Sd-) M

To,

All the 13 Members.

REPORT

OF THE

COMMITTEE OF 1925 ON MALNAD IMPROVEMENT.

I.—PRELIMINARY

1. This Committee was constituted in Government Order No. L. 1891-902—Sany. 50-24-13, dated the 8th September 1925, to consider the Report of an Economic Survey of the malnad carried out by Mr. S. Kesava Iyengar, M.A., Professor, Nizam's College, Hyderabad, who had been appointed for the purpose in February last. The personnel of the Committee was modified in two Government Orders dated the 19th and 27th October 1925. As finally constituted the personnel of the Committee was as below :— Constitution, personnel, etc., of Committee.

CHAIRMAN.

Mr. K. Chandy, Second Member of Council.

MEMBERS.

(1) Mr. C. S. Balasundaram Iyer, Revenue Commissioner
(2) Mr. K. Matthan, Inspector-General of Education.
(3) Mr. P. G. D'Souza, Chief Secretary to Government.
(4) Mr. N. S. Subba Rao, Principal, Maharaja's College, Mysore.
(5) Mr. A. K. Syed Taj Peeran, Deputy Commissioner, Shimoga District
(6) Mr. R. Nanasami Rao, Deputy Commissioner, Hassan District.
(7) Mr. G. B. Heblikar, Deputy Commissioner, Kadur District.
(8) Mr. N. S. Nanjundaiya, President, District Board, Hassan District.
(9) Mr. C. Srinivasa Rao, Vice-President, District Board, Kadur District.
(10) Mr. C. Subba Rao, Vice-President, District Board, Shimoga District.
(11) Col. W. L. Crawford, Coffee Planter.
(12) Mr. Sylvester Pais, Coffee Planter.
(13) Mr. Bagamane Deva Gowda, Coffee Planter.
(14) Mr. A. Mahomed Hussein, Coffee Planter.

SECRETARY.

Mr. M. Venkatesa Iyengar, Under Secretary to Government.

Dr. Usman, Senior Surgeon and Sanitary Commissioner, Mr. R. Ranga Rao, Secretary, Legislative Council and Representative Assembly and Mr. K. H. Ramaiya, Registrar of Co-operative Societies, attended the meetings of the Committee on some days on invitation and helped them in the discussion.

The Committee met on the 6th, 7th, 9th and 10th of November 1925 for deliberation and on 4th and 5th December 1925 for adopting the report.

2. In a comprehensive order issued in October 1924 Government reviewed the operations undertaken for the improvement of the malnad under the Malnad Improvement Scheme inaugurated in 1914, and laid down the general lines of the future policy of Government in this important matter. While expressing their views on various measures and suggestions in connection with the improvement of the malnad, they observed that the question of land mortgage credit required further investigation and promised that a survey would be undertaken with this object. It was in accordance with this order that the appointment of a Special Officer was made in February 1925, and the main object of the survey was the investigation of the need for a Land Mortgage Bank to relieve the indebtedness of the agricultural population in the malnad. The Special Officer carried out a survey of five villages in the Tirthahalli, Koppa and Manjarabad Taluks of the malnad in detail and has submitted a report based on his investigations in these five villages and enquiries made in four other villages close to the frontier and in other places which he visited. Economic Survey Officer and his work.

3. The malnad has long been the object of special concern to the Government of His Highness the Maharaja. It has been observed that the population of this tract of the country has shown a steady decrease census after census. This decrease first attracted Previous history of Malnad Improvement work.

attention when the report of the census of 1901 was published. In the session of the Representative Assembly for 1907, a proposal was made that a Committee should be appointed to enquire into the causes of this decline of population. In 1908 the Sanitary Commissioner was requested to collect statistics for investigating the causes and in 1910 a small establishment was sanctioned for the purpose under the Health Officer of Shimoga District. When the Census of 1911 showed a further decline in the population the urgency of a thorough examination of the problem was immediately recognised. In a speech made in Bangalore in the month of January 1913, His Highness the Maharaja referred to the loss of population in the malnad which he said was a matter of great concern to Government. In March of the same year, the Dewan Mr. (now Sir) M. Visvesvaraya made a tour of the malnad with a view to study the problem on the spot and consult the leaders of the people. In a speech at Saklespur he stated that in places like Ikkeri, Nagar, Hebbe and Mudgere one found unmistakable traces of an active and skilful people having inhabited the country at no distant date. Within a few centuries ago, he observed, this part of the country should have been very thickly populated, perhaps more than the maidan. The only indications now left of an active past were the ruins of old fortresses and irrigation works and stone carvings in deserted temples amidst a weak and declining population. In a note stating the results of his inspection which he prepared shortly after, he said :-

> "The great bulk of the labouring and agricultural population, at least in the northern and central malnad, is steeped in ignorance and superstition and is unenterprising. A large number in Shimoga and Kadur Districts are bound to the sowcars from generation to generation and are hopelessly indebted. They live in houses which are too close to the paddy flats and too close to the cattle sheds in which manure is allowed to collect and fester. They have not learnt to clothe themselves properly against the sudden variations of weather characteristic of this region and so fall an easy prey to pneumonia. Their food is of the poorest and often unwholesome and the water they drink is poisoned by decayed vegetable matter. They have practically no education worth the name and therefore no training or preparation whatever to resist the deadly effects of the climate."

Sir M. Visvesvaraya's proposals.

> "One grave feature of the present situation is the excessive mortality noticed among women in childbirth and among infants. On account of the malarial poison in the system, perhaps, women in childbirth require careful treatment. The state of pregnancy is justly regarded with great apprehension in this region. I understand that, over a large area, women are subjected to barbarous treatment at this particularly critical period of their life. The mortality among infants before they are three years old may also be traced to malarial poison."

In regard to the special measures necessary for improving the situation, he made the following observations :—

> "Special measures seem necessary to equip the population with the powers of resistance necessary to withstand the climate and strengthen their sinews for the battle against adverse circumstances. This can be done by spreading education among the children of the labouring and agricultural classes. Instruction should be given in the public schools on the distinctive characteristics of the malnad climate and the mode of life and the habits best calculated to promote healthy existence in the tract. Sanitary principles should be taught to grown-up people by means of leaflets and peripatetic lecturers equipped with lantern slides. The establishment of travelling dispensaries and free distribution of quinine have also been suggested. It may be necessary to open out new roads, construct steam tramways to provide rapid communication both with the maidan and the West Coast and to start industries to utilise forest products."

4. As among the principal remedies calculated to foster the growth of population and restore the prosperity of the area, Sir Visvesvaraya suggested the improvement of water-supply to villages, the draining off of swampy places and the clearance of rank vegetation near villages and dwelling houses, change of village sites where necessary, shifting of State Forests further away from inhabited villages and the revival of kumri cultivation, increase of educational facilities and the appointment of itinerant lecturers, increase of hospitals, the opening of travelling dispensaries, free supply of quinine and improvement in vaccination facilities, the training of midwives and the opening of a Maternity Hospital in Shimoga, improvement of communications and attraction of settlers from outside.

Mr. Matthan's Memorandum.

5. As a result of this inspection, Government appointed a Special Officer (Mr. K. Matthan now Inspector-General of Education) to make an extensive tour in the malnad districts and submit a scheme indicating the action to be taken for improving the malnad. The Special Officer submitted a valuable memorandum in August of that year indicating the existing conditions and proposing a scheme of operations for the amelioration of the malnad. Among the measures proposed by the Special Officer were the extension of

primary education, improvement of sanitation in villages, improved facilities for medical aid, dissemination of knowledge by popular lectures, by leaflets and pamphlets, and by instruction in schools, the attraction of settlers by offering inducements, the opening out of communications, encouragement of motor service between certain places, the adoption of measures to investigate how the economic condition of the people could be improved and the collection of accurate statistics of births, deaths, emigration and immigration to render a scientific investigation of the problems involved possible. On a consideration of the proposals made in the memorandum and other suggestions received from leading non-official gentlemen, Government sanctioned in February 1914 a scheme for the improvement of the malnad providing a special grant for utilisation in the three malnad districts and constituting a Committee for each district for controlling the operations. A lakh of rupees per year was sanctioned for the scheme for the years 1914-15 and 1915-16 and a lakh and a half for 1916-17. In the beginning one Special Officer was appointed for the executive charge of all the operations but later the charge was split up into two, the Shimoga District being placed under one officer and Hassan and Kadur Districts under the other. Orders were passed from time to time on various matters coming under the scheme such as the removal of lantana; special privileges to malnad raiyats; extending these concessions to non-agricultural people in the malnad; the free grant of timber to the raiyats of certain villages for the construction of new dwellings in sanitary areas; prescribing sanitary rules in cases where villages had to be shifted from insanitary areas; the grant of gomal lands for house-building purposes; extending village sanitary rules to all the villages dealt with under the Malnad Improvement Scheme; and construction of model houses in the three districts. A disease survey on a large scale was ordered in 1915 and as this was not considered sufficiently useful a scientific malarial survey of the Nagar Taluk was ordered in 1917 and was carried out by Mr. P. Parthasarathi, L.M.S., B.S.SC., the District Sanitary Officer of the Shimoga District. Itinerant and semi-itinerant dispensaries were opened in several places. Proposals were approved for the establishment of maternities in four places, and for the training of compounders, midwives and vaccinators for employment in the malnad. Honoraria were sanctioned to school masters for lecturing in the malnad to spread knowledge in sanitation and hygiene. Sanction was given to the employment of teachers who were willing to do preaching work with special reference to the abatement of intemperance. In order to get an idea of the economic condition of the people a debt survey of two typical malnad hoblis was carried out by two Inspectors of the Department of Co-operation in 1917. Five malnad Taluks were included in an enquiry into the extent of relief of rural indebtedness effected through the agency of Co-operative Societies which was ordered in 1917 by the Chairman of the present Committee when he was Registrar of Co-operative Societies. A Sub-Committee of the Agricultural Committee of which he was chairman submitted proposals in 1919 for establishing a Land Mortgage Bank, and introducing legislation for relieving agricultural indebtedness. Special concessions were shown to settlers by offering the grant of assessed waste land not exceeding eight acres per family, without upset price and free of assessment for the first three years, and of building materials and advances not exceeding Rs. 100 per family for the purchase of the necessary agricultural stock and implements.

The Scheme of 1914.

Orders under the Scheme.

6. A rough idea of the work done under the Malnad Improvement scheme up to the end of 1917 may be obtained from an abstract included in an order reviewing progress which was issued in 1918. During that period rank vegetation was cleared over an area of 2,805 acres in 598 villages; 8,856 yards of drains were constructed in 220 villages at a cost of Rs. 9,860; sixty villages were shifted from insanitary sites; in sixty-six villages extensions were formed at a distance from paddy fields; 265 new wells were taken up of which 164 were completed; thirty-two old wells were improved; ten new dispensaries were opened; twelve vaccinators and eighteen midwives were trained and employed; 1,243,575 packets of quinine were distributed; 989 primary and aided schools and eighteen industrial schools were opened; 75 co-operative societies were formed; and 94 miles of new roads were opened. Three hundred and nineteen families of settlers were established in the malnad and given lands to the extent of 753 acres and advances up to Rs. 7,765. A disease survey was made of 24 villages. Twenty-seven leaflets were issued on the subject of sanitation and hygiene and 63,800 copies of them distributed among the people. The question of labour supply to the malnad was under consideration. The expenditure under the scheme from 1914-15 amounted to Rs. 2,64,000. In the same order Government directed the continuance of the scheme for a further period of five years and divided the measures under the scheme under two heads, namely, preventive and curative measures and development measures. The total grant provided during these five years was Rs. 6,51,000 and the expenditure was Rs. 4,91,244.

Work done up to 1917.

The G. O. of 1918.

7. The total grant under the scheme had to be reduced from the year 1921-22 on account of financial conditions and work has been carried on since then on a smaller scale. The Government Order of October 1924 summarises the net result of the scheme as below :—

> "The total amount allotted in the budgets from 1913-14 up-to-date for carrying on this work was Rs. 12,77,000 of which, nearly Rs. 9,14,748 have been spent under the various heads, including the establishment charges which come up nearly to one-half

The G. O. of 1924.

of this amount, *viz.*, Rs. 4,07,537. Under Medical Relief, the following Dispensaries were newly established, *viz*:—Eight Stationary Dispensaries, Seven Semi-itinerant Dispensaries, Five Female Dispensaries, Four New Maternities, and Six Ayurvedic or Unani Dispensaries. About 470 wells were newly excavated in this tract at a cost of Rs. 2½ lakhs."

Scope of this report.

8. It must be clear from the above summary of the work already done that the problem of the malnad is not new either to the Government or to the people. The subject has engaged the attention of many persons, both official and non-official, and proposals on many matters connected with the amelioration of these tracts have been considered by Government and action taken on many of them. As a natural consequence there is not much new ground to be covered in a study of the subject; except the question of a Land Mortgage Bank which has long been under consideration but as to which no definite decision has yet been arrived at. The Committee propose therefore to discuss in detail the question of land mortgage credit in the malnad, and will, in addition, review the main features of the operations previously undertaken and the recommendations of the Economic Survey Officer, and suggest the measures that might now be taken in the light of the experience gained in working the scheme in the past.

II.—DEFINITION OF THE MALNAD.

Definition of Malnad.

9. For the purpose of the operations recommended in this report the Committee suggest that the following area may be treated as the malnad.

Shimoga District.—The whole of the Sagar, Nagar and Tirthahalli Taluks, the whole of the Kumsi Sub-Taluk, the Kasaba, Chendragutti and Ulivi hoblis of Sorab Taluk and select villages of Shimoga Taluk.

Kadur District.—The whole of the Mudgere and Koppa Taluks, the whole of Narasimharajapura Sub-Taluk, the Lingadahalli and Lakkavalli hoblis of Tarikere Taluk, and the whole of the Chikmagalur Taluk with the exception of Mirle and its hamlets in Amble hobli and the whole of Lakya hobli.

Hassan District.—The whole of Manjarabad Taluk and of Alur Sub-Taluk and the Madihalli, Bikkodu, Arehalli and Kasaba hoblis of Belur Taluk.

The Committee observe that certain other portions of the Shimoga and Hassan Districts and portions of the Mysore District suffer from disabilities similar to those of the malnad tracts but have confined their recommendations to the purely malnad tracts.

III.—LAND MORTGAGE AND DEBT RELIEF.

Debt Survey.

10. The first question that the Committee wish to consider is that of the improvement of the economic position of the people. A survey of the economic condition of two hoblis (comprising 70 villages) in the Sagar and Nagar Taluks conducted in 1917 under the orders of Government by two Inspectors of the Co-operative Department, showed that there were total debts in the villages to the extent of Rs. 5,03,665. Relief to the extent of over three lakhs of rupees was required. The average value of property per family was Rs. 1,150; the annual income Rs. 300 and expenditure Rs. 294; and the average amount of relief required per family came to Rs. 144. Of the 2,093 families investigated 1,649 or 79 per cent were indebted. From the report of the Economic Survey Officer, it appears that out of a total number of 287 families in four villages examined by him 214 families were landless and had Rs. 66,707-6-0 of debt and 73 families owned land and had debts amounting to Rs. 1,21,961-4-0. In five villages which he surveyed he could find only one acre of garden and 10 acres of wet land debt free. The indebtedness of 175 families in four other villages was as much as Rs. 93,075. From Appendix XII of the Economic Survey Officer's report it appears that in Tirthahalli Taluk the total value of land mortgages per year in the years from 1908 to 1923-24 varied from a minimum of Rs. 82,491 in 1913-14 to a maximum of Rs. 2,63,129 in the year 1918-19. Similar figures for Manjarabad Taluk were Rs. 60,492 in 1916-17 and Rs. 1,36,540 in 1920-21.

Relief necessary.

11. These figures confirm the common impression that the malnad raiyat is immersed in debt. His creditor draws away from him every year the best part of his earnings and what is left is not sufficient for his needs. Leaving out of consideration the *sahukar* the only sources from which the raiyat in the malnad can get a loan are Government and the Co-operative Societies. The money sanctioned by Government for takavi and land improvement loans cannot meet any appreciable part of the requirements in this respect. Co-operative Societies on the other hand can give only short term loans and cannot give long term loans of the sort which only can help the agriculturist debtor. It is therefore necessary to provide additional facilities for helping the malnad raiyat with money under conditions which will enable him to pay off the loan over a long number of years out of the proceeds of his land and retain the land when this has been done.

12. The suggestion most often made for meeting this need of the malnad is that a Land Mortgage Bank be established for giving long term loans on the mortgage of land. The suggestion has been often made by the public both in and outside the Representative Assembly. In reviewing the results of the survey of indebtedness referred to in para 5 the present Chairman observed in 1917 that means have to be devised for spreading repayment of loans over a long number of years. The question was considered in the Mysore Economic Conference. It finds a place in the report of the Committee on co-operation in Mysore and also in the Economic Survey Officer's Report. A step that should be taken even prior to establishing a Land Mortgage Bank is legislation to give relief to agriculturists in debt somewhat on the lines of the Dekhan Agriculturists' Relief Act Detailed proposals for the establishment of a Land Mortgage Bank and for legislation to relieve indebtedness were submitted in 1919 as already stated by a Sub-Committee of the Agricultural Committee of the Economic Conference. The idea in the suggestions referred to above was that there should be one Central Bank dealing with Land Mortgage Credit all over the State. The Committee consider however that if one Bank should operate over the whole State, it would find its work unwieldy. The area will be too large; the number of borrowers will be too many; inspection, supervision and other operations will become difficult. They are of opinion, therefore, that there should be more than one such Bank and that the area of operation of each Bank should for the present be a malnad district. There would then be three Banks for the three malnad districts. The Committee have considered the question of having small Banks for still smaller areas comprising only a few villages. Such Banks have been established in Madras, but in very prosperous areas. In Mysore, there are no trading villages of equal importance. If each Bank covers too small an area, it may not be able to get a sufficient number of directors who would command the confidence of the public and it may not find it possible to raise sufficient money from the public by debentures. A Bank operating over a whole district would be in a better position in this respect. Each of the three District Banks would for the present confine its operations to the malnad area. There is no objection to their extending their operations later, to such other parts of the districts as may be notified from time to time. Each Bank would collect some amount as share capital from its members and issue series of debentures on the total security of lands mortgaged by the members borrowing. Membership would be open to individuals and to Co-operative Societies.

Land Mortgage Bank. Previous suggestions

Committee's views.

13. In order that these Banks may function properly, the following conditions seem essential:—

Conditions of success.

1. There should be a Record of Rights in land which will show actual ownership in land. The details under this head are given later on.

2. Collective responsibility for repayment of loan on the part of borrowers should be encouraged in all possible cases. With this object, persons wishing to borrow small sums may form themselves into a Co-operative Society and the loan from the Bank may be issued to the Co-operative Societies which in their turn will issue loans to their members. These Co-operative Societies may be either of limited or unlimited liability. The Bank may lend larger amounts to individuals also. The management should represent both the borrowers and the debenture holders in order that the financial condition of the Banks may be secured and that lands may not be overvalued.

3. The Banks must have all the special privileges in regard to stamps, etc., which are enjoyed by Co-operative Societies.

4. The debentures issued by the Banks should be accepted by Government as security for public deposits and declared to be lawful investment for trust funds.

5. The management of the Bank should have large powers of summary procedure against debtors.

6. Government should arrange for close inspection of the working of the Banks and for adequate supervision and audit of their accounts. Government cannot undertake the valuation of the lands for the Banks in the case of each loan, but it is desirable that they should ensure by means of check in a good number of cases that there is no overvaluation and that the Banks are issuing loans only on adequate security.

7. Government should guarantee interest to debenture holders.

8. Government should subscribe part of the debenture capital. The Co-operative Committee recommend that the Government share of the capital might be 50 per cent of the total. The proportion adopted in Madras is the same. The Committee consider that this is a fair limit and would recommend its adoption.

9. The placing of some Government funds for a fairly long period at the disposal of the District Banks is also necessary. The Committee are aware that this may not be possible, but some amount may be placed at the disposal of each Bank for suitable periods on the express understanding that it is not issued for long term credit. Such amounts should be returned to the public treasury by the Banks as soon as the period expires.

Committee's recommendation.

14. The Committee therefore recommend the establishment of three Banks for the three malnad districts under the conditions specified above. They have considered in this connection the bye-laws for Banks of this sort proposed by various bodies and are of opinion that the bye-laws proposed in the report of the Committee on co-operation in Mysore which are similar to the bye-laws suggested by the Sub-Committee of 1919 might be adopted with slight modifications. To facilitate action being taken on these recommendations, they have considered the changes that may be necessary in the said bye-laws and would recommend their adoption as appended to this report. (*Vide* Appendix I).

Separate legislation necessary for establishing these Banks.

15. The Committee have considered the question whether these Banks can be formed under the Mysore Co-operative Societies Regulation. This might be feasible, but for the reasons stated below, the Committee consider separate legislation necessary for establishing these Banks. In the first place, Government have to subscribe in the beginning, part of the debenture capital up to one half. It seems desirable to validate such a transaction by legislation. Legislation is also necessary to validate the guarantee of interest to debenture holders, the treatment of the debentures of the Banks as negotiable instruments, the fixing of the maximum capital, and the summary powers of foreclosure for debts proposed to be vested in the Registrar. The appointment of the Registrar to be a court for summoning members or office bearers of the Banks, and the constitution of the reserve fund in a manner which differs in some respects from the provisions of the Co-operative Societies Regulation, also make separate legislation desirable. It may be added that it is provided under these bye-laws that the Deputy Commissioners of Districts should have powers of inspection over these Banks. They might thus occasionally have to submit reports about the working of these Banks. It is, therefore, desirable to have as Registrar for the purposes of these Banks, some officer of a rank higher than that of Deputy Commissioners. The Committee understand that it is possible to provide for most of the special features of these Banks by framing rules under the Mysore Co-operative Societies Regulation and issuing orders under Section 47 of that Regulation; or altogether by an order under the last named section which empowers Government to exempt particular societies from any provisions of the Co-operative Societies Regulation. In either case, certain sections of the Transfer of Property Act and of the Civil Procedure Code will, it would seem, have to be amended so as to provide for the powers of foreclosure referred to. On a full consideration of these alternatives, however, the Committee are of opinion that it is desirable to have separate legislation for these Banks.

Draft bye-laws

16. A few words may be said of certain other provisions in the bye-laws as now proposed. The management of the Banks is proposed to be vested in a Board of Directors and a Board of Supervision, both containing some representatives of the shareholders and debenture holders and of Government. The Board of Directors will really be the executive body. The Board of Supervision will be the internal supervising and auditing body. The shareholders will have four elected representatives on the former and three in the latter. On both of them there will be two representatives of the debenture holders. There is need for

Management.

the representation of debenture holders on these bodies, because the debenture holders are the men whose money is lent by the Banks and their interests should be safeguarded. The Committee considered the question whether these representatives could be persons elected by the debenture holders and came to the conclusion that to arrange for their election would involve considerable difficulty and that it would be sufficient if they are selected by Government on behalf of debenture holders. There would be one representative of Government on the Board of Directors and two on the Board of Supervision. It is proposed that the Board of Directors be constituted for a period of two years and the Board of Supervision for three years. The quorum for a meeting of either of these Boards may be fixed at five. This will ensure that there will be at least one representative either of Government or of the debenture holders at each such meeting. All the members of both these Boards will in the beginning have to be nominated by Government. The Boards so constituted may continue till a fifth of the share capital has been collected and the general body

Earlier Stages.

of shareholders may be permitted to elect their representatives thereafter. To ensure the early subscription of shares, Inspectors of the Co-operative Department may be employed for propoganda and leaflets explaining the scheme distributed among the people. Share amounts may be permitted to be paid into taluk treasuries. The Committee would propose that the appointment of the Chairman of the Board of Supervision and the Manager of the Bank should be approved by Government. The Manager of the Bank may at first be appointed by Government and may be a non-official or lent officer of Government not lower in rank than that of Amildar or Senior Co-operative Inspector.

Loans interest, etc.

17. It is provided in the bye-laws that loans should be given for the redemption of mortgages and the improvement of land. These loans will be for long terms. The Banks will not ordinarily issue any short term loans on the security of land. It is likely, however, that a person whose land is mortgaged to the Bank for a long term loan will need small amounts for working expenses in the cultivation season. Provision is made, therefore, for the issue of short loans for this purpose. The interest on loans is fixed at two rates, a maximum of nine

per cent in the case of long term loans and 12 per cent in the case of short term loans. To avoid too many small accounts in the account books of the District Bank and avoid any possible competition with the existing Co-operative Societies, it is proposed that the Banks should not issue long term loans for less than Rs. 500 to any individual. The Committee are aware that there is a very large number of small landholders in the malnad who would require smaller loans. Such small agriculturists will have to form themselves into Co-operative Societies and borrow money from the Central Bank and distribute the amounts among their members. The Committee do not apprehend that there will be any difficulty in finding a sufficient number of small borrowers in each locality for forming these Co-operative Societies. The maximum limits of Rs. 5,000 for individuals and Rs. 20,000 for Co-operative Societies fixed in the bye-laws are also necessary to make the money on hand available to as many borrowers as possible. For the safety of the loans, it is stipulated that the loan in any case shall not exceed one-half the value of the land mortgaged.

Trustee.

18. It is proposed that there should be a trustee to look after the interests of the debenture holders. In this matter, the Committee have followed the provisions of the Madras Land Mortgage bye-laws. Under the Madras bye-laws, the Registrar of Co-operative Societies is the trustee. The Registrar of Land Mortgage Banks or any other officer may be appointed trustee for these Banks in the State.

Working expenses.

19. It has been stated above that Government should subscribe one-half of the debentures. The Committee consider it necessary that the Government should make some grant also towards the working expenses of the District Banks. This might take the form of a concession in the rate of interest on the debentures subscribed by Government or of a money grant year by year. In Madras, the interest on the debentures subscribed by Government is 6½ per cent, while on debentures subscribed by the public it is 7 per cent. The Committee consider that a similar ½ per cent concession on the debentures subscribed by Government would not be sufficient to meet the needs in the case of these Banks and would recommend instead the sanction of a money grant. The working grant for each Bank at the time of starting the Banks including the pay of the officer appointed as Manager may be fixed at about Rs. 5,000 per annum for a period of three years and limited thereafter to not more than half the working expenses for a suitable period. The Government's debentures might then bear the same rate of interest as the debentures issued to the public. This will incidentally facilitate the sale of the debentures taken by Government in open market at some later time when such sale might be made without prejudice to the interest of the Banks.

Record of Rights.

20. The Committee have observed above that for the successful working of these Banks it is necessary that a system of Record of Rights in land should be instituted. Such a Record of Rights will safeguard the interest of the Banks by giving them correct information as to actual ownership in land. The Committee are aware of the difficulties which stand in the way of introducing a new system for the Record of Rights in the State. Wide spread illiteracy among the people might render the introduction of the new system liable to abuse in the earlier stages. There is also no regular departmental agency readily available for being employed on this work immediately. The Committee consider, however, that the Record may be introduced at least for the malnad in order to ensure the safe working of these Banks. It should be possible for the Survey and Revenue Departments together to make such a Record for the malnad in the course of few years. The law that is in force in Bombay is suitable and may be adopted with necessary modificatons. In view of the general illiteracy of the rural population the penal provisions of any legislation for introducing the Record of Rights should be very cautiously enforced. The Committee would also add that while the Record of Rights is necessary for the successful working of Land Mortgage Credit, the institution of the Banks now recommended need not be deferred until the Record of Rights is completed. The absence of the Record of Rights will render necessary a more detailed investigation of actual ownership by the Banks before the grant of loans and this the Banks will have to undertake in granting loans.

Introduction recommended.

Relief of Agriculturist Debtors.

21. It has been stated above that relief on the lines of what is afforded by the Dekhan Agriculturists' Relief Act is also required in the malnad. From the figures of indebtedness given earlier, it must be clear that the three District Land Mortgage Banks now proposed will not meet all the requirements of the indebted agriculturists in the malnad. These Banks can touch only a small fraction of the total number of such debtors. Also the existing debts on the lands of some debtors would be so heavy that the Banks could not step in for their help. The Committee have considered in this connection the proposal for an Act for the relief of indebted agriculturists which was made some years ago by the Sub-Committee of the Agricultural Committee of the Economic Conference referred to above. That proposal was not carried through as the draft Bill suggested was considered to be lacking in provisions regarding the procedure for the trial of suits, the tribunals to be selected for the adjudication of debts, the finality or otherwise of the decrees passed, rights of appeal and other matters. It was then suggested that a Usurious Loans Regulation might be passed. Such a Regulation has

since been placed on the Statute Book. It does not, however, provide completely for the needs of the agriculturist debtor. The main provision that is lacking in it is the right of the debtor to sue for an account. If a debtor's immovable property is mortgaged, he can sue under the law of mortgages. If this is not the case, he cannot sue. If this were the only provision lacking, it might have been possible to amend the Usurious Loans Regulation so as to include this provision and meet the needs of the present case. There are, however, various other provisions in the Dekhan Agriculturists' Relief Act which it is desirable to retain for our purpose. As these provisions are of a special nature and intended for agricultural debts only, their inclusion in the Usurious Loans Regulation would introduce too many complications into that Regulation. The Committee are therefore of opinion that there should be a separate law for these cases on the lines of the Dekhan Agriculturists' Relief Act. Provision should be made in the Regulation for the following purposes :—

Introduction of a regulation recommended.

1. The debtor should have power to sue for account.
2. The Court should have power to re-open the transaction as under the Dekhan Agriculturists' Relief Act or the Usurious Loans Regulation and reduce rates of interest and direct payment of decree amount by instalments.
3. The agriculturist should retain his land or have it cultivated for his benefit.

The Regulation should apply to loans contracted before it is passed, but in respect of which suits have not been instituted and also to suits instituted not earlier than some definite period, *e.g.*, three years before the Regulation is passed.

22. The Committee are aware that the proposed legislation may unsettle credit for some time both before and after its introduction. Parties may rush into courts to settle their claims and in all probability, there will be a large crop of suits in the first few years. Many of the debtors will of course not be able to satisfy decrees that might be passed in such suits and will be put to considerable trouble. If, however, the Regulation is passed without unnecessary delay it will provide for the lands mortgaged in such cases not being taken out of the hands of the debtors, but being managed for them, their maintenance being the first charge on the proceeds and for the balance being given to the creditors. Government should also in the first few years after the introduction of the Regulation provide larger amounts under takkvi rules for the grant of loans for working expenses to debtors whose debts have been adjudged by courts and who might not find help easily elsewhere.

IV.—MEDICAL RELIEF AND SANITATION.

Main heads of work.

23. The next question that the Committee considered was the question of improving medical relief and sanitary work in the malnad. As already stated a good deal has been done in these respects since the Malnad Improvement operations began in 1914. Much more, however, has to be done before even the bare needs of the malnad can have been met. The Committee are of opinion that the steps to be taken immediately may be considered under the following heads :

1. The opening of more hospitals and dispensaries in the malnad area ;
2. Arrangements for distributing quinine to the people ;
3. The posting of a larger number of medical officers and with higher qualifications to the malnad ;
4. The employment of more midwives for the malnad area ;
5. More efficient arrangements for vaccination ;
6. The shifting of villages ;
7. The supply of good drinking water ;
8. Propaganda in health and sanitation matters ;
9. Research in malnad diseases ; and
10. Sending Survey and Relief Parties for surveying the condition of villages and giving all possible help on the spot.

Kinds of dispensaries and their number.

24. Taking these matters in order, the Committee would recommend that a definite programme should be adopted with the object of eventually providing medical aid in this part of the country at such distances that no one requiring it will have to go more than five miles. The Committee are informed that in some malnad areas medical aid to this extent has been already provided. What is required is to see where this has not been done and supply the need. It is not necessary that the institutions so provided must be all hospitals or even dispensaries employing European methods of treatment. Ayurvedic and Unani dispensaries may be opened in some places provided competent men are available for being posted to them. The rural dispensaries may deal with the more simple cases. At suitable centres, besides taluk head quarter stations, there may be dispensaries which will deal with more difficult cases. The medical men in charge of the rural and

taluk dispensaries should have instructions to send cases requiring long in-door treatment to district hospitals. To make the dispensaries more useful than at present, it is necessary to arrange for a full supply of all drugs required for all these hospitals and to post to their charge experienced medical officers. For the charge of taluk dispensaries, the Committee would recommend the appointment of officers of the rank of Assistant Surgeons. The frequent transfer of Medical Officers from the malnad, is stated to have been the cause of much inconvenience to the public in the past. The Committee would suggest that Medical Officers posted to the malnad should not be transferred until a fairly long period has elapsed. To make it worth the while of these officers to stay in the malnad they would recommend the grant of good local allowances to them. These officers should also as far as possible be natives of the malnad.

Distribution of quinine.

25. At the same time, that more hospitals and dispensaries are provided, arrangements should also be made for distributing quinine in these villages on a larger scale. Small sized packets of quinine may be placed at the disposal of touring officers of Government of all departments, with instructions to distribute them to all who might require them, in the places which they visit.

Pay, etc., of Midwives.

26. The remarks made regarding medical officers apply also to midwives posted to the malnad. There is need for a larger number of midwives in the malnad. The pay of midwives in the malnad may be fixed higher, or some larger allowances than at present may be given to them. As the malnad people are slow to call in their help, it is necessary to provide some incentive to the midwives to go out and attend cases of their own accord. At present, an additional fee of eight annas is paid to them for each case over four attended each month. The fee per case may be raised to one rupee and it may be paid for all cases attended.

27 The frequent transfer of midwives also has been the cause of much inconvenience in the past. The existing rule that no midwife should be transferred from a place without consulting the Local Board which provides her pay has to be strictly enforced.

Vaccination.

28. In regard to vaccination, the facilities now provided are fairly extensive. According to the figures furnished by the Senior Surgeon, the average ratio of mortality from small-pox per 1,000 of population for the five years ending 1924 was ·97 for Hassan District, ·67 for Shimoga District, and 1·17 for Kadur District as against the State average of ·92. As against the State average of 19·34 per mille protected by vaccination the three districts showed 14·51 in Hassan, 19·61 in Shimoga and 16·30 in Kadur. There is a vaccinator for every 3,000 of population in Hassan, 2,500 in Shimoga and 2,300 in Kadur District as against the State average of 4,000. These figures show that there is fairly sufficient staff for vaccination work in the malnad. Considering the sparseness of the population, however, there is still need for a slight addition to the staff, but there is greater need for more efficient work and supervision. The vaccinators are now under Sanitary Inspectors and send returns that are not subjected to sufficient scrutiny in any office. It is necessary to have more vaccinators, better educated and better paid, and working under the closer supervision of some responsible officer. The Committee are proposing below the appointment of more Sanitary Inspectors for the malnad. They would suggest that close scrutiny of vaccination work in their respective areas should be made part of the work of these Inspectors. They may be required themselves to vaccinate as many cases as possible during their visits to villages. The following further instructions may be issued for regulating their work under this head :—

1. The Sanitary Inspectors should maintain a register showing the number of unprotected children in each village and bring it up-to-date from time to time.

2. They should themselves set the programme for vaccinators and perform all other duties enjoined on them for the successful working of the Kurnool System of Vaccination in their areas.

3. They should verify not less than 50 per cent of the cases returned every month as having been performed by the vaccinator.

4. They should work in subordination to the Chief Sanitary Inspector so far as the Vaccination Department is concerned and should submit a monthly diary to him of villages inspected and cases verified.

Shifting of villages.

29. A very important question is that of shifting of villages. Since much illness in the malnad is due to the villages being situated in valleys a mere shifting of them to higher levels would itself greatly reduce disease. Special efforts should be made therefore for removing villages from insanitary localities to sites higher up and keeping them free of rank vegetation. It may be possible to add to the rules under the Mysore Village Sanitation Regulation a rule for condemning sites that have been found to be decidedly unhealthy and making residence on such sites an offence under the Regulation. Some such measure is necessary because mere persuasion has been found to be of not much avail in the past and the welfare of the malnad demands compulsory removal of thoroughly insanitary villages to safer localities. Arrangements should of course be made before condemning any such old site to have a convenient

and healthy new site marked and made into house sites and provided with a drinking water well. Some help may also be given in such cases for the building of houses. Advances may be given on personal security under the takavi rules and also help in the form of house-building materials as stated in paragraph 40 below. A further cause of disease in the malnad is the bad quality of the water drunk in most villages. Wells have been sunk in many places in the last ten years. Not many of them, however, have a fair supply of water and not many wells in which there is such a supply are used by the people. Existing wells should be got deepened and special efforts should be made to have more wells sunk in suitable places. In this connection, the Committee would suggest that the amounts granted by Government, year after year for the sinking of drinking water wells should not be allowed to lapse but may be funded and made available in succeeding years. To popularise the use of the wells, we must depend on health propaganda.

Drinking water wells.

Propaganda

30. In order that the people might understand the meaning and purpose of the work undertaken by Government and co-operate with them it is necessary to educate them in health and sanitation. This may be done in the case of adults by the issue of printed leaflets, and by means of magic lantern lectures and in the case of the children by the inclusion of special lessons in hygiene in schools. It is learnt that the recently instituted State branch of the Indian Red Cross Society is supplying slides and leaflets on health subjects to the district authorities for propaganda work. Its services may be availed of and its activities supported by giving some aid for the purchase of additional sets of slides for distribution in the districts. The Sanitary Inspectors employed in the malnad area, may also act as itinerant lecturers for the hoblis in their charge and be supplied short lectures or syllabuses of lectures on matters relating to health and sanitation. Another point which the Committee would emphasise is that there should be medical research of the diseases of the malnad. There is at present, no special organization for studying the diseases peculiar to the malnad. These diseases have to be investigated by an expert before they can be effectively treated and the results of such research will greatly help the general practitioner in combating them.

Disease survey.

31. The last point on which the Committee would make some suggestions under this head is the need for a disease survey with which may be combined grant of help and execution of simple sanitary measures. The Committee have discussed this matter with the Senior Surgeon and Sanitary Commissioner and understand that there are certain proposals for conducting a survey in the malnad. They would make the following suggestions in respect of the establishment required for the survey and the manner of carrying it out. There may be three survey parties one for each district. Each party might consist of an Assistant Surgeon, a Sub-Assistant Surgeon, a Shekdar and a peon. The officers should not be men newly recruited for the survey. Persons experienced in their work in the Medical and Revenue Departments should be appointed for the survey, their places in the departments being taken up by new men. Lists should be made of the villages in the malnad area which show a decline of population and the worst areas should be dealt with first. The equipment required by the parties will be supplied by the Senior Surgeon. These parties should go about, make house to house enquiries of disease and take material for the study of cases. The Committee have considered the possibility of attaching to these parties gangs of workmen with whose help work that is found necessary may be done as the parties proceed. They think, however, that the parties are likely to finish their investigations more quickly than the works can be executed. The execution of the works required should therefore be taken up separately. The parties may carry out as they proceed whatever work can be done on the spot with the local help available. They might leave with the village officers or authorities written instructions of what should be done and send copies of the instructions so issued to the Taluk Office, the President of the District Board, and the District Medical Officer. The local officers should have information as to the movement of these parties. The parties should therefore send advance programmes of their movements.

Survey parties

Simple Economic Survey.

32. The Committee consider that these parties may also be used for collecting information on the general economic condition of the villages of the malnad in accordance with a questionnaire. A form of questionnaire (prepared by Mr. R. Ranga Rao) is appended to this report. (*Vide* Appendix II). Inspectors of the Departments of Co-operation and Agriculture and Sanitary Inspectors and select Shekdars approved by Deputy Commissioners may also be employed for collecting the information. Care should be taken to see that there is no duplication of work in the way of several persons making enquiries in the same village. The information collected should be forwarded by the persons conducting the enquiry to the Deputy Commissioners and by them to the Revenue Commissioner to be submitted to Government. The information received by Government may be analysed in the Secretariat and embodied in the annual review of malnad improvement work proposed later on. Fresh information should be collected from year to year and analysed and reviewed in the same way. Small honoraria may be paid to persons whose work is considered particularly satisfactory. The Mysore University would naturally be interested in economic investigations of the

character contemplated and may probably co-operate in the work by sending out during the vacations (or at other suitable time) post-graduate students in the Economics Department to carry on Economic Surveys of villages in the malnad area.

Mr. R. Subba Rao's proposals of 1913.

33. The Committee would in this connection, invite the attention of Government to the following proposals regarding out-door and indoor work made by Mr. R. Subba Rao in his note included in the collection of the year 1914 (pages 16 to 33) relating to the Malnad Improvement Scheme.

(1) *Out-door Work.*

(1) Taking the splenic index of the children under 12 years of a locality.
(2) Collecting specimens of blood from some of the children.
(3) Inspection of the general sanitation of villages.
(4) Collecting in separate jars, larvæ from each pool or collection of water, tank, well, stream, etc., labelling them and entering in a map of the locality specially prepared for the purpose, the site, size, shape and situation of each pool.
(5) Entering in the above map the site, shape, situation and size of each potential breeding ground for mosquitoes, *i.e.*, areas which may for the time being be dry but which might during and after rains contain water.
(6) Collecting as many mosquitoes as possible from within dwellings.
(7) Collection of any particular Algæ over the surface of water of pools, where larvæ are absent or scarce.
(8) Collection of fish or other water-animals from pools where larvæ are absent or scarce.
(9) Collection of water used by the residents for drinking purposes.
(10) Collection of material for detection of parasites in evacuations.
(11) Collecting rough information with regard to the general health of the whole community (Malari Tubercle, Syphilis, etc.)

(2) *Indoor Work.*

(1) Collecting data with regard to the existence of any phase of the Malaria parasite other than those known as the human and mosquito cycles.
(2) Study of the life history of the suctorial insects and other similar afflictions that exist in the district, together with any diseases that might be suspected to be transmitted by them.
(3) Recording splenic index in the map above alluded to, by shading according to the intensity of occurrence.
(4) Examination of collected blood to ensure that splenic enlargement is due to Malaria and not to anything else, *e.g.*, kala azar and to estimate the relative frequency of malignant and benign infections.
(5) Examination of mosquitoes to find out the proportion of Malaria carrying ones to the whole and to ascertain which are the commonest carriers in the locality during any particular season. (Includes the classification of local mosquitoes and the dissection and examination of the stomach and salivary glands of mosquitoes captured from within dwellings.)
(6) Growing the larvæ in jars and after their transformation to the adult stage, noting what pools offer breeding ground for Malaria carriers.
(7) Experimentally ascertaining if a thick growth of any algae (peculiar to the locality) will kill or inhibit the growth of larvae under water.
(8) Experimentally ascertaining what variety of fish natural to the locality, is inimical to the larvae of mosquitoes.
(9) Recording in the map, pools wherein Malaria carrying mosquitoes breed.
(10) Microscopic examination of sediments found in drinking water for the detection of ova of intestinal parasites and, if any, their frequency and relative role in rendering the water unfit.
(11) Detailed examination of intestinal contents for known and new parasites.

They would also extract the suggestions in regard to Nagar made after a survey conducted by Mr. Parthasarathi, then Sanitary Officer, Shimoga District.

Previous suggestions in regard Nagar.

"(1) The employment of a mosquito brigade for a town or group of villages placed under a Sanitary Inspector—

(*a*) for filling up or draining pools or other shallow collections of water,
(*b*) for treating the pools that cannot be drained with crude petroleum,
(*c*) for the prevention of excavations within 100 yards of each village,
(*d*) for stocking large ponds which cannot be drained or filled up, with suitable larvae-eating fish,

(*e*) for filling up disused wells
(*f*) for clearing ponds pools, etc., of all kinds of vegetation,
(*g*) for keeping the banks of irrigation channels clear of weeds,
(*h*) for making house to house visits and seeing that no collections of water are allowed in broken pans, pots, bottles, cocoanut shells, etc.,
(*k*) for planting of water absorbing plants, *e.g.*, Eucalyptus, Casuarina, Baje, etc.,

(2) Distribution of quinine to those that may need it.

(3) The sinking of new wells, it being compulsory that each of such wells is fitted up with a Myer's pump and either covered over or provided with wire gauze shutters.

(4) Prohibition of irrigation in localities where other anti-malarial measures have not proved effective.

(5) Proper regulation of house construction by strict enforcement of existing rules with the object of ensuring that houses are not located in close proximity to actual or potential breeding places of mosquitoes."

The above are most valuable suggestions for eradicating malaria.

V—EDUCATION.

Importance of the question.

34. The next subject considered by the Committee is that of the special measures necessary under Education. It may be stated at the outset that the main problems of education are the same in the malnad as in the maidan. Education as now imparted in our school does not quite fit the boys to take their place in the social economy of the country. It is too literary. It has to be made more practical and the facilities for obtaining it improved. Though education is being dealt with in this report after Land Mortgage Credit, Medical Relief and Sanitation the Committee wish to observe that for the improvement of the malnad education is of primary importance.

Some suggestions.

35. The special features of the malnad that render education difficult are the sparseness of the population, the distance and smallness of the villages and peculiarities of climate. Certain ways of meeting these difficulties have been tried before. Vacations have been given in the rains to meet the difficulties of boys coming up to schools and in the cultivation season to permit of their being used by their parents for work in the fields. It may be desirable to arrange the hours of study and curricula in such a manner as so permit children to do work on fields as partly a substitute for non-literary subjects such as clay-modelling, nature study, etc. There is great need in the malnad for a larger number of primary schools and also middle schools. There is not at present, much need for more High Schools. The education imparted in middle schools, should in a large measure be vocational and for imparting such education schools of the residential type are the most suitable. The Committee therefore recommend the establishment of such schools in as many places as possible. If a vocational bias is given to middle school education in these residential schools, we would be removing the defects both of a too literary and of a too industrial education and fitting the boys so educated to fill their place in the social economy better. In any village or town, in which any particular occupation such as weaving, wood-carving, basket making, etc., is carried on by a large number of people, facilities may be provided in the village itself for suitable training in these occupations. In addition to these special classes, there should be Industrial Schools of the residential type for training in industries such as blacksmithy, carpentry and other industries suited to the malnad people, so that these schools may not only be able to provide training for the people of the locality but also to pupils from the interior. It is necessary in order that we may properly staff schools in the malnad to give special encouragement to teachers in the shape of special allowances and house accommodation. The committee understand that maidan teachers do not stay in the malnad and hence it is necessary to employ only teachers who are used to conditions in the malnad. The Committee therefore recommend that for malnad teachers the scale of pay should be better than in the maidan and would suggest that if, even with such increase, local men with the required qualifications are not available, men from neighbouring British Districts who are used to malnad conditions may be appointed for a few years. The educational needs of the malnad are likely to be met satisfactorily by adopting these measures. Whenever a village or group of villages in the malnad guarantees not less than 20 pupils and a building to be used for a school house and one for the school master, the Education Department should supply an elementary school teacher for the school. Special arrangement may be made in the malnad for the medical inspection of school children wherever there are dispensaries. If possible, clothing should be given free to school children of very poor families.

Teachers

Brighter school life.

36. School life should be made brighter for the boys. The Committee have recommended the use of the magic lantern for the education of adults in health and sanitary matters. They would recommend that it may also be used for showing films of the larger world to

school children. In this the Committee are merely suggesting the revival of the scheme of visual instruction which the department of education began some years ago but gave up later for various reasons. It is not necessary to have a separate magic lantern for each school. A certain number of operators may be appointed and given the necessary equipment and required to tour in the malnad according to a programme.

Sports may be encouraged in the schools and tournaments arranged from time to time in central places. If popular interest is enlisted in organizing these they will not only make school life brighter for the children but brighten the lives of the grown up people also. It may be possible to organize sports and tournaments for adults in the same connection. This would provide health as well as amusement

VI.—TRANSPORT.

Railway lines

37. In regard to transport the Committee consider that early steps should be taken to complete the Railway line between Shimoga and Arasalu on which some work has been already done. A line through the heart of the malnad connecting Hassan with Byadgi in the Bombay Presidency *via* Saklespur, Mudgere, Koppa, Tirthahalli and Arasalu, Sagar and Shiralkoppa will open up the malnad and be of great benefit. There should also be a connection to the West Coast. The Committee understand that the Kadur-Chikmagalur line is likely to be taken up shortly. As any further extension of railways will necessarily take some time, the Committee have considered the question of the encouragement of motor transport. The proposal has been made that there should be a Joint Stock Company with a monopoly of motor transport in the malnad. The Committee consider that in most malnad areas there is at present enough private enterprise to meet requirements in this respect. There is no strong reason therefore to justify the grant of a monopoly in favour of a Company. Some of the members of the Committee are in favour of the proposal as they consider that it will prevent competition between private bus owners. There undoubtedly is some unhealthy competition among bus owners in some cases at present and in consequence fares are too low during periods when several agencies are working and unduly high when some of them break down and only the others are working. The remedy for this is not the grant of a monopoly which might deprive the people of the improvements in conveniences and amenities in service which competition fosters but the restriction of the number of competing services between particular places so as to meet actual needs. The Committee in short are in favour of what might be called controlled competition. It was in this connection brought to the notice of the Committee that the rules under the Motor Vehicles Regulation do not allow of a new bus being used in place of an old one which has been registered but has broken down and is temporarily unserviceable. They consider that this works as a hardship and would recommend an alteration of the rule so that when a registered bus is unserviceable another registered bus may be used in its place without again paying the minimum mileage charge of Rs. 50.

Motor Transport.

Roads

38. As regards roads in the malnad the Committee observe that larger allotments for the maintenance of the roads and adequate supervision are necessary. They understand that there is a party of the Engineering Department making lists of communications which should be opened up in the interior. The great difficulty of the most interior parts of the malnad is the want of an outlet for their produce either to the West Coast or to the maidan. As these parts are too far from the maidan what they need are outlets to the West Coast. The Committee would recommend that special attention should be given to proposals for roads down the ghats which will facilitate the transport of malnad products to the West Coast. It is also necessary that all roads leading to the West Coast should be kept in good condition. As a means of keeping down the cost of roads in the interior they would recommend that causeways may take the place of bridges in a larger number of cases.

VII.—FORESTS.

Forest grievances.

39. The Committee now wish to make certain suggestions regarding forest concessions in the malnad. It has often been a matter of complaint that the people of the malnad are put to much inconvenience by the too close proximity of State Forests to villages, that the cattle and crops of the villages are in constant danger from wild beasts and that the facilities that the people had for getting the requirements of their homes, fields and cattle have been considerably curtailed. The requests made in this connection are that free grazing should be allowed for all cattle in District and State Forests, that forest boundaries should be removed to a good distance from inhabited villages, that there should be no game preserves very close to villages, and the number of game preserves should be reduced, and that gun licenses may be freely issued so that the malnad raiyats may protect themselves and their crops from wild beasts.

Procedure for relief suggested.

40. As regards free grazing in State Forests the Committee consider that it may not be desirable to throw open all State Forests for free grazing throughout the year. The concessions now shown in this respect are sufficient. There, however, is much truth in the complaint that State Forests are often too close to villages and that sufficient area is not left free round about villages for meeting their needs for grazing and other requirements. Suggestions are usually made that State Forests should all be removed to a certain specified distance from inhabited villages. The Committee are of opinion that it is not possible to make any general rule of this sort. Needs vary with localities and each case should be considered on its merits. The Committee would therefore suggest the following procedure for improving conditions in this respect. Wherever the forest is too close to inhabited villages Deputy Commissioners of Districts may investigate requirements and propose the grant of concessions or the pushing back of the forest boundary according to need. Where the Deputy Commissioner and the Conservator of Forests agree steps may be taken as a matter of course for allowing free grazing or for releasing the forest area in the manner recommended and approval of Government may be obtained thereafter. Where, however, the Deputy Commissioner and the Conservator of Forests do not agree the matter may be referred to Government for orders. The areas released from State Forests for the use of villages in this manner may be treated as District Forests. In regard to game preserves the Committee agree that their number might be reduced if possible and that they should on no account be placed too near villages. Lakkavalli was cited as an example of a place where a game preserve was too near the village. The Revenue Department may take up this question and suggest relief in particular cases where it is necessary and such recommendations may be favourably considered by Government. The rules regarding the shooting of game in State Forests may be relaxed in the malnad and people allowed to pursue wild beasts found damaging their crops further into the jungles than the rules allow at present. The Committee also are of opinion that licenses for holding guns should be issued to raiyats in the malnad more freely than at present.

Facilities for house building.

In regard to facilities for house-building the Committee would make the following recommendation. In cases in which villages are being shifted raiyats may be given free licenses to take the required quantity of reserved wood from District Forests and unreserved wood from State Forests. In ordinary cases of house building, Deputy Commissioners may settle in consultation with the Conservator of Forests in what forests and what villages the concession may be shown.

VIII.—CULTIVATION, CROPS AND TANKS.

Settlers.

41. Certain inducements were sanctioned in 1916 in furtherance of a scheme to encourage persons from outside to come and settle in the malnad. The Committee understand that very few people were settled under the scheme and that this was due to the nature of the conditions that attached to the grant of advances to such settlers. The Committee are informed that there are no large blocks of unoccupied assessed land in the malnad available for being given for cultivation to settlers. The Revenue Department may, however, see what compact blocks of cultivable land are available and have been lying uncultivated for the past ten years. Lists of such areas may be notified in the Gazette and offered to settlers who might be willing to come and cultivate them. The Committee would recommend the grant of these lands to settlers free of assessment for ten years. If the settlers need any help for cultivation their financial circumstances may be considered and suitable help also given.

Tanks.

42. As regards tanks the Committee understand that the problem is not very serious in the Hassan and Kadur malnad. In the Shimoga malnad however, attention to the repair and maintenance of tanks is called for. The Committee would suggest that in the malnad districts at any rate, the Irrigation Cess levied in each district should be spent on the tanks in the district. It is recommended further on in this report that there should be an Engineering establishment under the Revenue Department for the charge of the work which will have to be done under the Malnad Improvement Scheme. As the Engineering establishment is to be employed in any case the Committee suggest that it may be entrusted with the work of the repair and maintenance of tanks. The suggestion virtually amounts to the revival of the Maramat establishment of the Revenue Department so far as the malnad districts are concerned.

Trenches.

The Economic Survey Officer suggests in his report that special arrangements are necessary for permitting landowners to dig trenches on the slopes above their paddy fields or areca gardens to prevent the washing away of their lands. Such trenches are now dug in many places without giving rise to any complaint. The Committee do not consider that the raiyats should be asked to take permission before digging such trenches. The policy should be to encourage the landholder to do such work for the protection of his lands. The present practice of landowners digging these trenches on Government land where necessary may therefore continue, suitable action being taken when there is complaint of such trenches having caused inconvenience to other people or where valuable Government land is enclosed. Persons who dig trenches for the protection of their lands should provide access to the area

enclosed by means of planks or other safe passage across the trenches. In cases where the land enclosed is valuable or exceeds one acre, assessment may be levied on the area enclosed.

Soppinbettas.

43. The suggestion is often made that Soppinbetta land in the malnad may be allotted according to the occupied survey numbers so that a certain proportion of the Soppinbettas would be clubbed with each survey number. The Committee consider that allotment on this basis would be difficult and lead to many complications. On a full consideration of all the circumstances they are of opinion that the utmost that can be done is to let it be known that, if all the persons who have interests in any particular Soppinbetta come to an arrangement as among themselves and demarcate their interests, Government will be prepared to confirm such arrangement.

Cultivation of Cardamom.

44. The Committee considered the desirability of removing certain restrictions in regard to cultivation now in force in the malnad. One of them is the restriction against cardamom being grown on the eastern slope of the ghats. The Committee after a full consideration of the subject are of opinion that the restriction may be removed. Some of the members urged that all restrictions as to growing cardamom on coffee land might be completely removed. The rules now in force in this respect are those published in the G. O. No. R. 3623-32—L. R. 36-22-2, dated 30th December 1922. The Committee consider that these rules are quite fair and need no change. It was suggested that assessment on arecanut gardens is too high and should be reduced. The Committee hold that it is unnecessary as the assessment was fixed at the time of settlement and the rates are considerably less than those which existed previously. It was stated that cardamom growers do not get a good price for their cardamom as the trade is in the hands of merchants in Haveri in the Bombay Presidency, and that something should be done to improve their position. The suggestion made in the Economic Survey Officer's Report is that a cardamom bleaching factory should be established at Hassan. The Committee consider that the Director of Industries and Commerce might investigate the condition of the cardamom market and see if better prices can be got for cardamom than what the Haveri merchants are now giving.

Certain other suggestions.

45. It has been frequently suggested that the rule prohibiting cultivation on the margin of streams up to 25 yards should be abolished. The Committee are of opinion that it may be done providing at the same time that the restriction should continue to apply to spring heads. Kumki lands may not be given out of State Forests but may be given where available out of District Forests. Small areas of *Kan* lands up to two acres in each case contiguous to cultivated land may be given out for cultivation. To educate the malnad population in improved methods of agriculture, it is desirable to have an Agricultural School of the type of the one at Chikanahalli in some central place in the malnad. To encourage fruit cultivation and the cultivation of other commercial crops in the malnad the Committee would suggest the establishment of a seed depot and nursery at one place in the Shimoga District and at another place for the Hassan and Kadur Districts and the issue of seeds and plants to raiyats at cost price from them. The question of the consolidation of holdings raised by the Economic Survey Officer in his report requires further investigation and the Committee would recommend that it should be examined by the Agricultural Committee of the Economic Conference.

IX—OTHER MATTERS.

Labour

46. A few suggestions may now be made on some other matters which could not be mentioned under the broad heads already dealt with. The Committee are not in favour of any special organisation for improving the supply of labour to the malnad. They are of opinion that if the employers of labour would improve the rate of wages it will be possible for them to get more faithful service from their labourers. In making this statement they are not unaware of the fact that labourers sometimes leave their employers when some advance they have received is still due to be worked out and go and take service under new masters. If labour conditions are improved these cases will necessarily be fewer. The Committee consider that the proposals of the Economic Survey Officer regarding a Co-operative Trade Syndicate are not feasible at present

Trade Syndicate

Temperance.

47. The Committee are not prepared to recommend any specific measures for the reduction of intemperance in the malnad, as the reduction of intemperance is a problem that affects the entire State and calls for fuller consideration. It has, however, been brought to their notice that the present rules regarding the grant of licenses to tap *bagani* trees cause hardship, and the Committee recommend that the tree-tax on bagani be abolished, and the revenue realised directly from the sale of shop rights.

Depressed classes.

48. As a matter of special importance the Committee would recommend last of all that some special steps may be taken for the amelioration of the depressed classes in the malnad. These people even more than the rest of the population of the malnad need help from Government. In addition to the concessions generally recommended in respect of the malnad in

which they would share, special efforts should be made to give them land and small sums of money for buying cattle and ploughs, part of the sums being treated as loan and part as free grant. To encourage education the residential school for these classes at Chikmagalur may be expanded and an additional school like the Institute at Mysore should be established in a suitable place.

Other suggestions of the Economic Survey officer.

49 The Committee have in the course of this report dealt with the more important suggestions contained in the Economic Survey Officer's report. A statement of the suggestions not dealt with here is appended (*Vide* appendix III) indicating against each item the views of the Committee as to the further action possible.

50. The Committee have not considered the question of developing industries in the malnad as the matter is understood to be under the consideration of the Board of Industries.

X.—ESTABLISHMENT AND COST.

Departmental expenditure not calculated.

51. The Committee have not calculated the extra expenditure in the Medical, Education and Public Works Departments and in the District Boards on account of the measures here recommended as that will depend on the extent to which additional facilities would be provided: Extra grants will have to be sanctioned to those Departments for the measures taken in the respective Departments. The following additional staff is necessary for carrying out the special operations now recommended :—

Other additional staff and cost.

(1) One Assistant Engineer in each District. Two Sub-Overseers in Shimoga District, two in Kadur District, one in Hassan District. Menial Establishment.

The cost of the above Engineering staff will work out as below :-

			Rs	
3 Assistant Engineers for three malnad Districts		3 x (300 + 100 T. A.) 3 x 400 = 1,200 1,200 x 12	14,400	(1)
5 Sub-Overseers—				
Shimoga	2	5 x (100 + 50 T. A.)		
Chikmagalur	2	5 x 150 = 750		
Hassan	1	750 x 12	9,000	(2)
20 Peons—				
3 for each Sub-Division	9	20 x (12 + T. A.)		
2 for each Asst. Engr.	6	240 + T. A.		
1 for each Sub-Overseer	5	240 x 12	2,880 + T. A.	(3)
			26,200 + T. A. of peons or 27,000	

(2) Additional Sanitary Inspectors for the malnad taluks. It is suggested that there should be one Sanitary Inspector roughly for every two hoblis. On this scale there would have to be twelve more Sanitary Inspectors there being 2 extra for Mudgere and Tirthahalli taluks and one extra for each of the Manjarabad, Belur, Chikmagalur, Tarikere, Koppa, Nagar, Sorab and Sagar Taluks. In other Taluks the existing staff will do.

The extra cost on this account will be Rs. 15,000

A question of administrative convenience.

52. The Committee have also considered the question of the administrative changes that may be necessary for the smooth working of measures for the improvement of the malnad. The District Boards of Shimoga and Hassan districts are probably at a disadvantage in dealing with the requirements of the malnad as the representatives of the malnad on the Boards are in a minority. The interests of the malnad may not therefore always receive adequate attention. The Committee understand that under the new District Boards Regulation it will be possible to constitute more than one Board for the same district. It may in this case be desirable to have separate Boards for the malnad and maidan areas in these districts. A suggestion made in this connection for facilitating the administration of malnad improvement work is that the districts of Mysore, Hassan and Kadur should be slightly readjusted so as to include the malnad area of Hassan District in Kadur District. It is proposed that the Krishnarajpet Yedatore and Nagamangala Taluks of Mysore District may be added to Hassan District and the Manjarabad Taluk and Belur Taluk of Hassan District added to Kadur District. The Committee do not consider this change quite feasible. The disorganization of public business that will temporarily result from any such re-adjustment is an argument against it. The people of Manjarabad also may not be quite willing to change from Hassan District to

Kadur District. There is something to say, however, in favour of the change and the Committee would suggest that the question be investigated. If the people of Manjarabad Taluk have no objection to the transfer of their Taluk from Hassan District to Kadur District the proposal may be considered.

XI.—AGENCY.

53. After a full consideration of the question of the agency for carrying out the operations under the Malnad Improvement Scheme the majority of the Committee consider that in the beginning the Revenue Department may have charge of them. The work in each district may be carried on under the general supervision of a small committee consisting of the Deputy Commissioner, the President of the District Board or when the Deputy Commissioner is President, the Vice-President of the District Board, the District Medical Officer, the District Forest Officer, the Executive Engineer, Officers in charge of the malnad Sub-Divisions and non-officials to represent the malnad taluks. These representatives may or may not be members of the District Boards and may be nominated by Government. There may be four non-official members in the Committee in the Shimoga District, three in Kadur and two in Hassan. The Committee should be advisory and have no responsibilities for the execution of work. They should meet not less than twice a year, and review the progress of operations, consider difficulties and adopt the programme for the coming months. A statement of the progress made and a copy of the programme adopted should be sent to Government and to the District Boards. The District Boards may make any suggestions they consider necessary in regard to the programme and these should be considered by the Advisory Committees at subsequent meetings or by circulation. These committees may at the end of each year adopt reports of the work carried out under the scheme during the year and submit them to Government. The non-official members of these committees may be given travelling allowances for journeys to attend their meetings at the same rates as is given to non-official members of the District Boards. Every year there may also be a conference, presided over by a Member of Council to review the progress in all the three districts under the scheme. The Heads of Departments concerned in the work under the scheme, the Deputy Commissioners, the Presidents, or when the Deputy Commissioner is President the Vice-Presidents of the District Boards of the three malnad districts, and the non-official members of the three local committees may be required to be present at the conference. Of the Heads of Departments those whose presence may be essential are the Revenue Commissioner, the Inspector-General of Education, the Senior Surgeon and Sanitary Commissioner, the Conservator of Forests and the Chief Engineer. Other Heads of Departments may be invited if their presence is considered necessary. The Conference might consider the reports of the operations received from the District Committees and submit a brief report of its proceedings, with any suggestions for the coming year, to Government. To facilitate taking stock of work done, the Committee would suggest that the reports of the Committees and of the Conference may be published by Government with a review of the operations conducted during the year of report.

Revenue Department to be in charge of operations.

District Committee.

Annual Conference.

Review by Government suggested.

XII.—SUMMARY OF RECOMMENDATIONS AND CONCLUSION.

54. The following is a summary of the principal recommendations made in this report :—

Recommendations.

1. Land Mortgage Banks may be formed for the three malnad districts—Draft bye-laws are enclosed. (Para 14.)
2. A Record of Rights in land may be introduced at least in the malnad. (Para 20.)
3. A Regulation for the relief of agricultural indebtedness somewhat on the lines of the Dekhan Agriculturists' Relief Act should be passed. (Para 21.)
4. More dispensaries should be provided in the malnad. The idea should be to provide a dispensary not farther than five miles from any place. (Para 24.)
5. Medical Officers with higher qualification and more experienced than at present should be posted to taluk and rural dispensaries in the malnad. (Para 24.)
6. Quinine should be distributed to the people to a larger extent than now. (Para 25.)
7. More midwives should be employed for the malnad and inducements offered to make them take more interest in their work. (Para 26.)
8. Vaccination work should be made more efficient. (Para 28.)
9. Villages should be shifted from unhealthy sites and loans given to persons wishing to build houses and help in materials from State and District Forests also given. (Para 29.)
10. Rules under the Village Sanitation Regulation should be added to for condemning unhealthy village sites. (Para 24.)

11. Wells with good drinking water should be provided in more villages from year to year. (Para 24.)

12. Arrangements should be made for propaganda in health and sanitation matters. (Para 30.)

13. The services of the State Branch of the Indian Red Cross Society may be utilised in this connection. (Para 30.)

14. Arrangements should be made for research in malnad diseases. (Para 30.)

15. Survey and relief parties should be sent out for surveying the condition of villages and giving all possible help on the spot. (Para 31.)

16. Information in regard to the economic condition of villages may be collected in accordance with a questionnaire by these parties and by Sanitary Inspectors and Inspectors of the Co-operative and Agricultural Departments and select Shekdars and if possible through post-graduate students of the Mysore University. (Para 32.)

17. The number of primary and middle schools should be increased, the middle schools being in as many cases as possible of the residential type. (Para 35.)

18. The curricula of studies in the schools should be made more vocational. (Para 35.)

19. More industrial schools should be opened. (Para 35.)

20. School life should be brightened with sports, games, magic lantern shows, etc. (Para 36.)

21. The railway line between Kadur and Chikmagalur may be constructed early. (Para 37.)

22. Motor transport may be encouraged by regulating competition. (Para 37.)

23. The rules under the Motor Vehicle Regulation may be relaxed in certain respects for the malnad. (Para 37.)

24. Maintenance allotments for malnad roads may be increased. (Para 38.)

25. Lists should be made of roads required in the interior particularly the ghat roads which will give an outlet to the West Coast for the products of the interior of the malnad. (Para 38.)

26. Deputy Commissioners may investigate cases in which further grazing facilities have to be provided to villages or State Forests too close to villages have to be released. In cases where the Revenue and Forest Departments agree the facilities recommended by the Deputy Commissioner may be given as a matter of course. Cases of disagreement may be required to be submitted for orders to Government. (Para 40.)

27. Game preserves should not be too close to villages. (Para 40.)

28. Gun licenses may be more freely issued to malnad raiyats. (Para 40.)

29. The rules regarding the pursuit of wild beasts found damaging crops may be made more favourable to the raiyats. (Para 40.)

30. Facilities may be given to settlers by the grant of land free of assessment and of suitable monetary help. (Para 41.)

31. Special attention should be paid to tanks in the Shimoga malnad. (Para 42.)

32. The Irrigation Cess levied in the malnad districts should be used in the particular districts. (Para 42.)

33. The practice of trenches being dug to protect paddy flats and arecanut gardens may be allowed to continue under certain conditions. (Para 42.)

34. People may be helped where they are willing to regulate the use of *soppinbettas*. (Para 43.)

35. The restriction against growing cardamom on the eastern slope of the ghats may be removed. (Para 44.)

36. The Department of Industries may be asked to investigate how our cardamom growers can be helped to get better prices. (Para 44.)

37. The 25 yard rule may be abolished providing, however, for the protection of spring heads. (Para 45.)

38. Small areas of *kan* lands of two acres in each case may be given for cultivation. (Para 45.)

39. An agricultural school of the type of the Chiknahalli School may be established at some central place in the malnad. (Para 45.)

40. A seed depot and a nursery may be opened at one place in the Shimoga District and in one place for Hassan and Kadur Districts for selling seeds and plants at cost price. (Para 45.)

41. The tree-tax system may be abolished in the Bagani area. (Para 47.)

42. Special facilities should be provided for giving lands to the depressed classes in the malnad. (Para 48.)

43. The Boarding School for these classes at Chikmagalur should be expanded and another like the Central Institute at Mysore established in some other place in the Malnad. (Para 48.)

44. Additional establishment consisting of 12 Sanitary Inspectors for the malnad areas and of an Assistant Engineer with suitable establishment working under him for each district may be employed for carrying out the work under the scheme. (Para 51.)

45. The question of re-adjusting the malnad districts so as to bring the Hassan and Kadur malnad under the same agency may be investigated. (Para 52.)

46. A Committee may be formed for each district for advising in regard to the operations under the scheme. (Para 53.)

47. A Conference may be held each year for reviewing work under the scheme and making suggestions to Government. (Para 53.)

Acknowledgments

The Committee desire to express their obligation to Dr. Md. Usman, and Messrs. R. Ranga Rao and K. H. Ramaiya for the valuable assistance rendered to the committee in their deliberations by these gentlemen. They also desire to record their appreciation of the ability and zeal with which Mr. M. Venkatesa Iyengar, the Secretary, assisted them in their work throughout.

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M. VENKATESA IYENGAR, (*Secretary*).

APPENDIX I.

Draft Bye-laws for District Land Mortgage Banks.

The... .....District Land Mortgage Association.

Bye-Laws.

1. This Association shall be called the ..... District Land Mortgage Bank.

2. The Office of the Bank shall be situated at (district headquarters).

3. The object of the Bank is to grant loans to members.

4. Loans may be given by the Bank only for the following purposes:—

(i) Redemption of mortgage.
(ii) Improvement of land or of methods of cultivation.

5. The liability of a member of this Bank shall be limited to the value of the shares held by him in the Association.

6. There shall be.....shares of the Bank of the value of Rs. 25 each.

7. Membership of the Bank is open to every subject of His Highness the Maharaja who has attained the age of majority and is legally capable of entering into a contract, to several such persons jointly and to every registered co-operative institution formed for long term credit. Notwithstanding anything contained above, nominees or legal representatives of deceased members may be admitted as members although such nominees or legal representatives are minors.

8. Every member of the Bank must take at least one share and no member can own more than 100 shares in the Bank.

9. Shares are not withdrawable or transferable except with the sanction of the Bank provided that no member will be permitted to withdraw his shares within 10 years of the date on which such shares are taken by him and provided also that not more than 10 per cent of the aggregate share capital of the Bank at the beginning of a year is allowed to be withdrawn in any year.

10. The funds of the Bank shall include share capital, loans, deposits, *grants* and *other miscellaneous items*, but at no time shall the liabilities of the Association exceed ten times the subscribed share capital plus reserve fund.

11. The Board of Directors may receive deposits at their discretion either from members or others and it shall be open to them to settle the terms on which deposits shall be taken provided that the interest on such deposits shall not, in any case, exceed $6\frac{1}{2}$ per cent per annum and provided also that no deposit shall be received for a period of less than two years.

12. The Bank shall not grant loans of an amount below Rs. 500 nor above Rs. 5,000 ordinarily provided that where a loan is granted to a co-operative society for the use of its members the amount of the loan may amount to 20,000 rupees.

13. Loans granted by the Bank shall bear interest at rates fixed from time to time but not exceeding—

(1) a maximum of 9 per cent per annum in the case of long term loans, and
(2) a maximum of 12 per cent on short term loans.

14. Long term loans granted by the Bank shall be repayable in equal yearly instalments not exceeding 25 and shall not be liable to be re-called except under conditions specified in Bye-Laws 21 and 22. Nothing in this bye-law shall be considered to preclude the borrower from repaying his loan wholly or in part at any earlier time.

15. The loan and the interest shall be discharged by a system of equated payments.

16. Loans shall be granted by the Bank only on the mortgage of immovable property in the.....district except in the case of short term loans which may on suitable security be granted for working expenses to members who have taken long term loans. Long term loans should be issued ordinarily out of share and debenture amounts and not out of deposits.

17. Loans granted by the Bank shall not exceed 50 per cent of the value of the property which is mortgaged to the Bank on account of those loans, provided that in case the loan is to be applied for the improvement of land the amount of loan may go up to 60 per cent.

18. The land mortgaged to the Bank as security under bye-law 17—shall have no prior encumbrances, save the mortgage or mortgages to be redeemed by the loan given by the Bank. Further, it shall not be made subject to any subsequent encumbrances either by way of further mortgages, sale, gift or otherwise to any one except the Bank and except with the previous sanction of the Board of Directors, and any encumbrance made in contravention of this bye-law shall be invalid.

19. The mortgage shall be without possession, subject to the condition that if the mortgagor fails to pay principal and interest according to his contract, the Bank shall be entitled to take possession of the land for such term not exceeding twenty years as the Board of Directors may consider equitable. During possession, the Bank will manage the property and after deducting expenses use the proceeds towards redemption of the debt.

20. The valuation of the properties offered as security for loans shall be made by the Bank in accordance with subsidiary rules to be framed in that behalf.

21. Loans are liable to be recalled.—

(1) if after the grant of a loan the information obtained regarding the property, the charges thereon or the rights of disposal thereof is found to be incorrect,

(2) if a loan is utilised for a purpose different from that for which it was granted,

(3) if the property on which it is secured has in the opinion of the Bank deteriorated in value and the borrower fails to furnish additional security to the satisfaction of the Bank,

(4) if on the death of the borrower or in the case of joint debtors on the death of any one of them his legal representative does not consent to continue as a Member,

(5) if for any other reason, the debtor or in the case of joint debtors any one of them ceases to be a Member,

(6) if the debtor makes default in the payment of any instalment on the due date.

22. If in any case not expressly provided for above, the Board of Directors consider that a debt is in danger, they shall recall the loan with the approval of the Registrar of Land Mortgage Banks.

23. When a loan recalled by the Board of Directors is not repaid within three months from the date of recall, the Directors shall apply for a foreclosure of the mortgage to the Registrar of Land Mortgage Banks who after notice to the defaulting debtor and necessary enquiry will have power to order such foreclosure. The Registrar may order distraint of movables in the case of short loans. These orders shall have the same effect and shall be executed in the same manner as if passed by a competent Civil Court.

24. Subject to bye-law 10 the Bank may raise loans from time to time by issue of debenture bonds bearing interest not exceeding 7 per cent per annum and liable to be redeemed at such period not exceeding 25 years as may be prescribed by the Bank.

25. Debenture bonds shall not be issued except with the provious sanction of the Government and they shall be in such form and contain such covenants and provisions as the Bank, may, with the previous sanction of Government, prescribe in this behalf.

26. The Bank shall draw for redemption by lot as many debenture bonds as its financial condition permits, or if the Bank deems it preferable, it may repurchase its bonds instead of drawing them by lot.

27. The Bank shall be at liberty to effect a reduction in the rate of interest payable on any series of debenture bonds provided that option is given to the holders of such bonds to accept payment in cash at par value.

28. The Government shall appoint a trustee whose duty shall be to see that the Bank fulfils its obligations to the debenture-holders. For this purpose, the Bank shall transfer to the trustee its rights in the mortgages on the security of which debentures are issued. The trustee shall have power to require the Bank to credit to an account opened in his name, in such Bank as may be approved for the purpose by the Government, all recoveries made from members of the Bank under any of the mortgages whether on redemption or upon sale under any power of sale applicable thereto. He shall also have the following powers:—

(i) to invest or to require the Bank to invest the money at the credit of his account in his own name in any investment or deposit authorised by clauses (*c*) (*b*) and (*d*) of section 32 of the Mysore Co-operative Societies Regulation or in any other Securities approved by the Registrar of Land Mortgage Banks and to vary such investments at his discretion ;

(ii) to require the Bank to redeem any or all of the debentures ;

(iii) to determine the method of redeeming any debentures before the expiry of the term for which they were issued ; and

(iv) to proceed against the bank or the mortgagors whose mortgage deeds have been transferred to him or against both, in case of default of payment of moneys due to the debenture-holders.

The trustee can, at any time, be replaced by another trustee. A trustee so appointed shall, as the successor in interest of the trustee whom he replaces, inherit all his powers and rights.

29. The total value of debentures, actually in circulation at any time must not exceed the total value of the mortgage bonds and other assets assigned by the Bank to the trustee and held by him.

30. The administration of the Bank shall be vested in the following;—

(1) Board of Directors.
(2) Board of Supervision; and
(3) The General body of the members of the Bank.

31. The ultimate authority in all matters relating to the administration of the Bank shall be the general body of the members who shall meet from time to time and at least once a year to conduct the work of the Bank. The following among other matters shall be dealt with by the general body:—

(i) The election and removal of their representatives on the Board of Directors and the Board of Supervision.
(ii) The annual report due to the Registrar of Land Mortgage Banks.
(iii) The Registrar's annual audit order.
(iv) The amendment or repeal of any existing bye-laws or the enactment of a new bye-law.
(v) The expulsion of a member.
(vi) The consideration of any complaint which any individual member may prefer against the Board of Directors or the Board of Supervision
(vii) The returns that may be prescribed by the Government.

32. A meeting of the general body of the members may be convened whenever necessary for the conduct of the business by the Board of Directors and shall be so convened by the Board of Directors at the request of 15 or more members or at the instance of the Registrar.

33. The Members of the Board of Directors and of the Board of Supervision will consist of Members of the Bank and representatives of Debenture Holders provided that the Government of His Highness the Maharaja of Mysore shall have the right to nominate two persons to the Board of Supervision and one to the Board of Directors, whether members of the Bank or representatives of Debenture Holders or others.

34. The Board of Directors shall consist of seven members four of whom shall be elected by the Members, two will be representatives of Debenture Holders selected by Government and one will be nominated by the Government of Mysore, all the Members holding office for a period of two years.

35. The Board of Supervision shall consist of seven members three of whom shall be elected by the members, two will be representatives of Debenture Holders selected by Government and two will be nominated by the Government of Mysore, all the Members holding office for a period of three years.

36. The Board of Directors shall administer and conduct the affairs of the Bank, prepare and issue agreements, declarations, etc., represent the Bank by one of its members selected for that purpose at all legal proceedings. It shall also appoint, control, and dismiss officials like book-keepers, cashiers, clerks, local agents, etc.

37. The Board of Supervision shall have general control and supervision over the affairs of the Bank. In particular it will—

(1) cause the accounts of the Bank to be audited at least twice a year by two of its members.
(2) present to the General Meeting a statement of accounts;
(3) prepare all necessary subsidiary rules for the carrying out of these bye-laws;
(4) settle the principles of land valuation;
(5) authorise the issue by the Board of Management of mortgage bonds subject to the provisions of bye-law 25 and
(6) decide appeals against the decisions of the Board of Directors.

38. Without prejudice to the powers which may be vested in him by the Law for the time being in force the Registrar of Land Mortgage Banks will have power—

(1) to require the summoning of a General Meeting
(2) to be present at the proceedings of the General meeting as well as at the meetings of the Board of Management and the Board of Supervision; and

(3) to inspect the books and cash balance of the Bank at any time.

(4) to summon any member or office bearer of a Bank for the purpose of an enquiry into the affairs of the Bank. For this purpose he will act as a Court.

39. The previous sanction of the Government will be necessary for—

(1) the issue of debentures;

(2) the conversion of one class of debentures into another class bearing a different rate of interest or

(3) the investment of collections made out of loans given to Members in fresh loans to Members.

40. The Deputy Commissioner of the District will have in respect of the affairs of the Bank the powers vested in the *Registrar* in Clauses 2 and 3 of bye-law 38.

41. The accounts of the Bank shall be audited at least once a year by a duly certified auditor or by an officer deputed by the Mysore Government.

42. All other matters concerning the organisation and the working of the Bank as well as the remuneration, if any, which the Board of Management, the Board of Supervision, the local agents and the auditors are to receive shall be fixed by Regulations to be framed by the Bank.

The Regulations shall require the approval of the Government of Mysore

43. A Reserve Fund shall be formed by the Bank. To this shall be carried—

(1) a sum not less than 10 per cent of the net profits of every year;

(2) the interest on the capital of this fund;

(3) amounts not claimed; and

(4) produce of drawn and expired mortgage bonds.

(5) Any other fund which may be credited to the reserve fund by the general body of members.

APPENDIX II.

Questionnaire for Simple Economic Enquiry.

1. General.—
    1. Name of Village, Taluk, District.
    2. General Geographical position (in relation to roads, railways, forests, rivers, hills, markets, etc.
    3. Area of village site.
    4. Localisation of castes.
    5. Types of dwelling houses—thatched, tiled, terraced, etc.
    6. Gardens, manure pits and the like, adjoining houses.
    7. Water facilities.
    8. Distance of cultivated lands.
    9. Housing conditions—overcrowed, insanitary, badly situated or kept, etc.
    10. Nature of holdings—small or large, compact or scattered
    11. Any special facilities for travellers, *e. g.*, hotels, musafirkhanas, etc.

2. Population.-
    1. Total population.
    2. Castes, how many families and individuals.
    3. Number of children in families, how many dead and living, any special illness accounting for large infant mortality.
    4. Number of houses.
    5. Census of ages (with intervals of 5 or 10 years)
    6. Births and deaths during the past 12 months—anything striking about the cause of death.
    7. Total number of men, women and children.
    8. Any noticeable movement of people from or to the village.

3. Land.—
    1. Area of wet lands.
    2. „ of dry lands.
    3. „ of garden lands.
    4. „ Gomal.
    5. Other Facilities for cattle, goats, etc.
    6. Jungles and Forests.
    7. Tanks, wells and other sources of water supply.

4. Occupation of land.—
    1. Area cultivated by owner.
    2. Area cultivated by tenants.
    3. Number of cultivating owners.
    4. Number of Tenants.
    5. Number of non-cultivating owners and their occupation.
    6. Number of tenants owning no land.
    7. Average area of land cultivated by owners.
    8. Average area of land cultivated by tenants.
    9. Rents in money and kind.
    10. Land revenue on different kinds of lands.
    11. Occupation with which agriculture is combined.

5 Agricultural conditions.—
    1. Area under the principal crops.
    2. Area yielding one crop, area yielding more than one.
    3. Usual crops cultivated on wet, dry and garden lands.
    4. Types of plough, and agricultural implements used.
    5. Water lifts, oil engines, manures and other aids to good agriculture.
    6. Extent of help derived from Takavi loans, Co-operative Societies, etc.

6. Cattle, etc.—

(*a*) Bullocks.
(*b*) Cows.
(*c*) Buffaloes.
(*d*) Young stock of above.
(*e*) Horses.
(*f*) Donkeys, etc.
(*g*) Sheep.
(*h*) Goats.
(*i*) Pigs.

7. Manuring.—

(*a*) Is cattle dung used as manure?
(*b*) Is cattle urine utilized?
(*c*) Is green manure used?
(*d*) Is Chemical manure used?

8. Insect pests or other diseases and remedial measures in use.
9. Cattle diseases and treatment.
10. Average cost of cultivation of various kinds of land.
11. Improvements recently effected or under contemplation.

6 Village Industries.—

(1) Description.
(2) Number engaged in each.
(3) Implements used.
(4) Average powers of work, earnings, expenditure, etc.
(5) Condition of production.
(6) ,, of sale.
(7) Marketing facilities.
(8) Prospects (improving steady, deteriorating).

7. General Economic Condition.—

(1) Wages—Money, kind.
(2) Prices of food stuffs.
(3) General prosperity of the village as evidenced by large shops, banks, cinemas, and the like.
(4) General condition of families, whether living under or above means—Savings how utilised, debts how contracted—[Give details by families if possible or typical cases.]—
(5) Condition of debts, facility, rate of interest, chronic indebtedness, other incidents attaching to loans.
(6) Is there a Co-operative Society—Give details of its working.
(7) Are there any other institutions or activities of a public character, *e.g.*, Agricultural Unions, Libraries, Reading Rooms, Recreation Clubs, Sanghas and the like.
(8) Communal income and expenditure.
(9) Religious activities, temples, gatherings

8. Sanitary condition.—

(1) Malaria.
(2) Cholera.
(3) Plague.
(4) Consumption.
(5) Small-pox.
(6) Other diseases Endemic and Epidemic.
(7) Infant mortality.
(8) Snake bites, deaths from attacks of wild animals.
(9) Habits conducing to good health or leading to bad health.
(10) Medical assistance
(11) Marriage customs, age, etc.
(12) Prevalence of purdah.

9. Education.—

(1) Number of schools.
(2) Accommodation.
(3) Kind of Schools.
(4) Number of boys and girls in attendance; proportion to number of school-going age.
(5) Average duration of school life.
(6) Percentage of adults able to read the Vernacular
talk English.
write English.
(7) Number of highly educated persons in any language.
(8) Conditions of adult education and facilities.
(9) Number of boys and girls who have continued higher education.
(10) How school expenses are met.
(11) Whether educated persons have found any careers.
(12) Any hostel accommodation.

10. Village administration.—

(1) Is there a Village Panchayet? How does it work?
(2) Sanitary conditions.
(3) Police conditions.
(4) Crime, litigation, means of arbitration.
(5) Prevalent to a noticeable degree of conditions like drunkenness, prostitution, etc.
(6) Brief summary of suggestions for improvement.

APPENDIX III.

A STATEMENT OF OTHER SUGGESTIONS MADE IN THE REPORT OF THE ECONOMIC SURVEY OFFICER WITH THE VIEWS OF THE COMMITTEE IN BRIEF THEREON.

	Suggestions.	*Opinion of the Committee.*
1.	A Foreign Forest Economist may be appointed for a year to study potentialities of Forests in the State and connect our forest products with European Markets.	The appointment of an officer, not necessarily a Foreign Forest Economist, for a continuous study of forest potentialities is desirable. There is at present no officer to give special attention to this question.
2.	A rule should be made that at least 50 per cent of the actual total yield of a land should be guaranteed to the tenant cultivator irrespective of contracts, debts or interest charges.	Does not seem possible
3.	Every 50 villages should have an Agricultural Farm.	Do
4.	Dry cultivation should be encouraged by offering reasonable bounties.	Do
5.	The system of pledging crops to money lenders should be stopped.	Do
6.	Economic holdings should be exempte from liability to attachment for debts.	Do
7.	The Agricultural Department should have laboratories in the malnad and evolve cheap locally made standardised manures.	May be referred to the Agricultural Department.
8	Enclosure of holdings and establishment of cattle pounds for every village or group of villages.	Does not seem necessary or possible
9.	The establishment of three more experimental stations to study plant diseases.	Not necessary.
10.	There should be a Dairy Farm in the malnad.	May be investigated.
11.	A Veterinary Assistant Superintendent should be stationed in a central malnad village to supervise a system of veterinary dispensaries for the malnad.	May be investigated.
12.	Railway Cess should be done away with and Road Cess should be levied.	Does not seem necessary.
13.	School masters may be trained to give medical relief.	Not desirable.
14.	Private Medical Practitioners should be prohibited from practising unless they get a license from Government.	Does not seem possible.
15	Schoolmasters should be allowed subsidiary occupation.	Not desirable.
16.	*Thera* system should be abolished.	This is a social question in which Government action may not be possible.
17.	A small area of the malnad should be selected for special attention during every period of three years. This area should be called the development area.	Does not seem desirable. The money available may be used for the whole of the malnad. This will prevent misunderstanding between various parts of the Malnad.
18.	Classification of cultivated land should be changed and land on which cardamom is grown shown separately and assessment on it increased.	Not necessary.
19.	Permanent Settlement need not be sanctioned.	Lands are not given out on permanent tenure at present.
20	A Producers' Society for the depressed classes may be established.	Not possible at present.
21	There should be a Standing Committee of well-paid and efficient experts for a study of the malnad problem.	The recommendations in the Committee's report regarding the District Committees and an annual conference meet this need.

Note.—As the suggestion that a special area to be called the Development Area should be taken up periodically for special attention is not considered acceptable, suggestions made in regard to such an area are not particularly mentioned above. Many suggestions which may be considered as incidental to main suggestions which have been specifically mentioned are also not referred to either in the report or in this appendix.

APPENDIX IV

List of Books and Papers Consulted

The Economic Survey Officers' Reports.

Collection of papers regarding Malnad Improvement, 1914, including among others, Sir M. Visvesvaraya's note on his inspection of the Malnad, Mr. Matthan's Memorandum and a note by Mr. R. Subba Rao.

Speeches of Sir M. Visvesvaraya.

Report of a Debt Survey of the Malnad made by two Inspectors of the Co-operative Department in 1917.

Mr. Chandy's note published in the Mysore Economic Journal for October 1917, regarding the relief of rural indebtedness through Co-operative Societies.

Report of the Mysore Co-operative Committee, 1923.

A note containing the recommendations on land mortgage and debt relief made by a Sub-Committee of the Agricultural Committee of the Economic Conference in 1919, presided over by the present Chairman.

A note on Land Mortgage Banks by Mr. G. B. Heblikar.

A note on Land Mortgage Credit by Mr. N. S. Subba Rao

A note on the question of legislation for establishing Land Mortgage Banks by Mr. T. Singaravelu Mudaliar.

A note on the Dekhan Agriculturists' Relief Act by Mr. G. B. Heblikar.

A note embodying recommendations by Col. W. L. Crawford

A note embodying recommendations by Mr. Bagamane Deva Gowda.

The Madras Government Order (with enclosures) establishing Land Mortgage Banks in six places in the Madras Presidency.

The Dekhan Agriculturists' Relief Act.

The Bombay Record of Rights Ac

A note on Malnad Improvement by Mr. Mir Hamza Husein

A note on the result of a Malarial Survey of Nagar Taluk carried out by Mr. Parthasarathi.

A note by the Senior Surgeon and Sanitary Commissioner, regarding vaccination in the Malnad.

A note by the same officer on Disease Survey.

The Malnad Improvement Manual, 1917.

Punjab Questionnaire on Rural Economic Enquiries.

The Questionnaire for rural enquiries prepared by Mr. R. Ranga Rao.

Census Reports of Mysore of the past three decades.

Certain Regulations in force in the State like the Co-operative Societies Regulation and the Usurious Loans Regulation and the following G. O's. (besides those included in the collections of 1914 and 1917) relating to the Malnad.

1. No. 5733-6—San. 87-15-9, dated 6th March 1917
2. No. 6561-3—San. 72-17-2, dated 22nd May 1918.
3. No. G. 20308-13—San. 80-16-15, dated 10th March 1919.
4. No. G. 26401-6—San. 108-18-3, dated 24th May 1919.
5. No. G. 13757-67—San. 8-19-5, dated 12th December 1919.
6. No. G. 24560-6—San. 103-20-1, dated 18th June 1921.
7. No. L. 2894-904—San. 28-24-1, dated 1st October 1924
8. No. L. 3448-56—Med. 114-22-6, dated 6th November 1924
9. No. L. 5711-21—San. 45-24-2, dated 4th February 1925.

NOTE ON LAND MORTGAGE CREDIT

By Mr. N. S. SUBBA RAO.

My note is very limited in character and does not deal in detail with any of the various problems involved by Land Mortgage Credit. I have been asked to write a note on forming Land Mortgage Banks in Mysore with special reference to the points whether a Central Bank or small Experimental Banks as in Madras would be more useful; and in the former case, whether the present Central Bank at Bangalore could conveniently take the work and what minimum facilities should be granted by Government for either alternative in the way of Deposits, Guarantee Interest, buying shares, etc. Therefore, I content myself with merely noting what the essential conditions are for the sound operation of Martgage Credit, and with pointing out in respect of which of these State action is feasible, and its form and extent.

The essential conditions for the success of Mortgage Credit are :—

(1) Adequate Security, which involves

(*a*) Compulsory Registration of Title;

(*b*) Collective Responsibility for the repayment of the loan.

Instead of the individual farmer attempting to borrow himself, the practice of Land Mortgage Credit elsewhere shows the presence of associations of borrowers so that all the members are collectively responsible for the loans taken.

Where such associations are hard to form, it has been sometimes the practice to appoint other associations of a cognate character as agents to carry on the mortgage business.

(2) Careful limitation of the purposes of the loan and its maximum amount with reference to the special local conditions. The maximum amount can only be fixed after a careful appraisal of the economic character.

(3) Adequate machinery for the flow of Capital; and that means two devices:

(*a*) Institution of Mortgage Banks. These stand between the Local Associations of borrowers and the Capital Market.

(*b*) These institutions must supply themselves with necessary capital for lending out to agricultural borrowers either by Share Capital or by floating Debentures or Bonds, of a long term.

(4) A suitable scheme of amortisation.

5) Grant of special privileges:

(*a*) Exemption from taxation, central and local.

(*b*) Inclusion of the Debentures or Bonds of Mortgage Banks in the group of lawful investments for Trust Funds, their acceptance as security for all public deposits.

(*c*) Large powers of summary procedure against defaulters without the intervention of the Law Courts.

6) An adequate system of inspection and audit.

The State may legitimately be called upon to help the development of Land Mortgage Credit in the following respects:—

(1) Arrangements to be made at State expense for a record of rights, as well as for appraisal of the value of the land which is sought to be mortgaged.

(2) It is not likely that associations of borrowers will be formed without some aid to start them. Even in other countries, it has been noted that "farmers as a class are not possessed of co-operative spirit. They have not yet reached the stage where they will care to have their personal affairs a matter of common knowledge. Nor has their time become so valueless that they can afford to devote it gratuitously to the organisation and management of associations from which others will receive an equal benefit." It seems therefore likely that the formation of these primary associations will require a certain amount of propaganda which may well be undertaken by the Central Propaganda Institute. Each association will require clerical aid, and in the initial stage expenses of this character will have to be met by the State.

(3) The size of the State makes it unnecessary to have more than one Mortgage Bank which will stand in the relation of a Central Bank to the local associations. It will have to be separate from the Co-operative Central Bank which specializes in short term credit. It is undesirable whether in commercial or in real credit to mix up short and long term loans. This does not necessarily rule out the investment of a part of the reserve fund in mortgage bonds.

The power of such a bank to obtain capital will depend on the attractions it offers to the investor. It has been found that even in America its bonds have not been freely absorbed by the investor. "It was not fully realised that these bonds would be a new type of security to American Investors, and that in spite of their attractive qualities, they might not appeal to the conservative investing classes." In Mysore where the habit of

investing in securities other than Government paper is very little developed, the bonds will have to be made attractive to the investing public by Government guarantee of interest. Government may also help the institution in the initial stages by subscribing a proportion of the bonds issued as in the case of the Madras Land Bank. Further, as was done in the early years of the Mysore Bank, a portion of the funds of the State may be left on long deposit with the bank.

(4) The special privileges mentioned above, exemption of the income from bonds from taxation, their inclusion in the list of securities in which Trust Funds are invested and summary procedure for recovery of debts should all be granted.

(5) Inspection and Audit.

As in the case of short-term Co-operative Credit, the State will have to undertake, for some years, this very responsible work.

All this tends to make the movement very much Government ridden, but in view of the issues involved, it is very doubtful if Mortgage Credit of the character sought to be introduced will have any chance of a fair start if left entirely or mainly to private initiative.

Proceedings of the Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. C. 1-50—Sany. 17-26-1, Camp, Mysore, dated the 11th October 1926.

Malnad Improvement

Passes orders generally on the recommendation of the Malnad Improvement Committee of 1925, with special reference to the establishment of Land Mortgage Banks and the introduction of the Record of Rights and Agriculturists Relief Act

READ—

Government Order No. L. 1891-902—Sany. 50-24-13, dated 8th September 1925, constituting a Committee to consider the Report of the Special Economic Survey Officer for the Malnad.

2. Letter No. 4580, dated 18th/21st December 1925, from the Secretary of the above Committee, forwarding the report of the Committee (printed as an Annexure).

ORDER NO. C. 1-50—SANY. 17-26-1, CAMP, MYSORE, DATED THE 11TH OCT. 1926.

In reviewing, in their Order No. L. 2891-904—Sany. 28-24-1, dated the 1st October 1924, the work done under the Malnad Improvement Scheme in the period of about ten years during which it had been in operation and laying down their policy in this respect for the future, Government reserved the question of establishing a Land Mortgage Bank in the Malnad for further consideration, and as a preliminary measure directed that a general economic investigation of at least one typical taluk in each of the three Malnad Districts be made by an officer specially deputed for the purpose. Orders for carrying out such a survey were issued in January 1925 and the work was entrusted to Mr. S. Kesava Iyengar, Professor of Economics, Hyderabad, as Special Officer. On further consideration, it was ordered that the survey be confined to some typical villages in the first instance. The Special Officer completed the survey and submitted a report in July 1925, embodying the results of his investigations. As the report covered a wide range of matters coming within the purview of several departments, Government considered that a detailed examination of the various questions involved was necessary, and for this purpose constituted, in the first order read above, a Committee with Mr. K. Chandy, Member of Council, as Chairman and the gentlemen noted in the margin* as members. The Committee completed their work and submitted a report which was published for general information in January last. A note on three of the main recommendations of the Committee, *viz.*, those regarding the establishment of Land Mortgage Banks, the introduction of a Record of Rights, and legislation for the relief of indebted agriculturists was placed before the Representative Assembly at the last Budget Session. The Government have also had the benefit of the opinion of that House on these matters.

* 1. Mr. C. S. Balasundaram Iyer,
2. ,, K. Matthan,
3. ,, P G. D'Souza,
4. ,, N. S. Subba Rao,
5. ,, A. K. Syed Taj Peeran,
6 ,, R. Nanaswami Rao,
7. ,, G. B. Heblikar,
8 ,, N. S Nanjundiah,
9. ,, C. Srinivasa Rao,
10. ,, C. Subba Rao,
11. ,, Silvester Pais,
12. ,, Bagamane Devagowda,
13. ,, A. Mahomed Hussain, and
14. Col. W. L. Crawford

2. The proposals made by the Committee can be classified into two groups, *viz.*, those relating to the extension or modification of measures already sanctioned (including proposals for the revival of arrangements previously in force but latterly discontinued) and those on which final orders of Government are now required. The suggestions of the Committee in respect of medical relief and sanitation, improvement of tanks, provision of additional facilities under education, transport, cultivation and other similar matters come under the first group. The proposals that a special agency be established for Malnad Improvement work, that a Committee be formed for each district for giving advice as regards improvement measures and that an annual Conference be held to review the work done under this scheme also come under this group.

3. The Committee have placed in the forefront of their recommendations the proposal for the establishment of Land Mortgage Banks. The question of a Land Mortgage Bank in the Malnad has been under consideration for a long time. It was considered more than once by the Economic Conference and definite proposals were submitted by the Conference for the formation of a Bank. The question also was considered by the Co-operative Committee appointed by Government in 1920 and detailed proposals regarding such Banks are contained in pages 40 to 42 of the Report of that Committee. The proposals of the present Committee now under consideration have been made after an examination of the whole question *de novo* and proceed more or less on the lines suggested by the Economic Conference and the Co-operative Committee, with the modification that separate Banks are proposed for each district. The present Committee also consider that it is desirable to introduce a Record of Rights, at least in the area coming under the operation of these Banks and to undertake legislation for the relief of agriculturist debtors. When these proposals were placed before the recent session of the Representative Assembly, it was found that the members of that House were in favour of the establishment of these Banks, and the introduction of the two other measures in connection therewith.

4. Government have carefully considered the questions involved in these proposals, and are of opinion that while provision for long-term credit is very much needed in the Malnad, it is difficult to say whether Land Mortgage Banks of the kind proposed are best suited for providing that credit. Nor is it certain that a Record of Rights and a Debt Relief Act would operate altogether for the benefit of the agricultural population in the Malnad. Land Mortgage Banks are new to India and their working in British Indian Provinces cannot be said to have yet passed the stage of experiment. In view, however, of the fact that successive Committees have proposed the establishment of Banks of this class and that the opinion of the Representative Assembly is in favour of the measures recommended, Government are prepared to give the scheme a trial. They feel, however, that there is need for proceeding cautiously in the matter. They are accordingly pleased to direct that steps be taken to establish three Banks as proposed by the Committee with the modification that each Bank will, for the present, operate over only one taluk. The Shimoga District Bank will have jurisdiction only over the Sagar Taluk, that of Kadur over the Konna Taluk and that of Hassan over the Saklespur taluk.

5. The main objects of the Land Mortgage Banks will be the redemption of mortgages and the improvement of lands. The capital of each Bank will, for the present, consist of two lakhs of rupees made up of 8,000 shares of the value of Rs. 25 each. The funds of the Bank will consist of share capital, loans, deposits, grants and other miscellaneous items. The Bank will also be authorised to issue debentures to the extent of 50 per cent of the value of the lands mortgaged to it, provided that the total liabilities of the Bank do not exceed five times the share capital of the Bank. Loans should be restricted to a minimum of Rs. 500 and a maximum of Rs. 5,000 in the case of individuals and a minimum of Rs. 5,000 and a maximum of Rs. 20,000 in the case of Co-operative Societies. The interest on debentures issued by the Bank as well as that which it will charge in respect of the loans given to the members, should be fixed with reference to the conditions of the money market prevailing at the time the transactions take place. The principal and the interest due by the members will be discharged by a system of equated payments extending over a period of 25 years. Government will be prepared to finance each of these Banks to the extent of a lakh of rupees and to give necessary assistance in their management. The exact manner in which such financial assistance will be given, whether by a guarantee of interest on debentures or in any other suitable form, will be settled with reference to the requirements of each Bank as soon as the other details connected with the starting of the Banks are worked out. They also generally approve of the draft bye-laws for the Banks appended to the report of the Committee

6. The Record of Rights will be introduced in the three taluks to which the operations of the District Land Mortgage Banks extend. Orders have already

been passed deputing Mr. Heblikar to study the working of this system in the Bombay Presidency and to submit proposals for the introduction of this system into the three taluks. Separate orders will issue regarding the details of this measure on receipt of his proposals.

7. Government will also take steps to undertake legislation on the lines of the Deccan Agriculturists' Relief Act at the earliest possible opportunity. The operation of this measure will, as in the case of the Record of Rights, be confined to the three taluks in which the Land Mortgage Banks carry on their operations. A Bill for this and for other purposes will be immediately prepared and placed, if possible, before the next Dasara Session of the Representative Assembly for the consideration of that House.

8. The Committee propose that for carrying out the measures suggested by them in connection with medical relief and sanitary and other improvements, a special establishment should be appointed. A special staff of the kind proposed was once sanctioned under the old Malnad Improvement Scheme and was abolished only in 1921. Government consider that it is not desirable to revive the arrangement of having a separate establishment for carrying out improvement measures of the kind under reference. These measures all come within the normal activities of one or other department of Government and should be attended to by these departments. Any extra establishment or funds required for carrying them out should be applied for by the respective departments of Government. In the same connection, the Committee have considered the question of re-adjusting the Malnad Districts for administrative convenience, and in view of the difficulties of such adjustment, have suggested that it may be desirable to form separate District Boards for the purely Malnad areas. Government are not in favour of making any changes in the administrative jurisdiction of the Kadur and Hassan Districts. The question of forming separate District Boards for the purely Malnad areas will be deferred for consideration till after the Boards—one for each district—are formed under the District Board Regulation of 1926 and some experience is gained of the working of those Boards.

9. The proposal of the Committee regarding the appointment of District Committees to advise on improvement measures amounts to the revival, with some modifications, of the Committees which were previously in existence for the same purpose but were abolished when Malnad Improvement work was added on to the work of the District Boards of the respective districts. Government approve of the proposal to revive District Committees as they would be able to give their entire attention to Malnad improvement matters. The Committee in each district will consist of the Deputy Commissioner as President and President of the District Board, the District Medical Officer, the District Inspector of Education, the District Forest Officer, the District Health Officer, if any, the Executive Engineer and the Sub-Division Officers of the Malnad Sub-Divisions together with a few non-official members, of whom 50 per cent may be members of the District Boards, as members. Each Committee will meet twice a year to review progress and prepare suitable programmes and submit them to Government. There is no objection to the Committees in the three districts meeting together once a year for a general survey of the work done in connection with the Malnad Improvement Scheme.

10. On the detailed suggestions of the Committee for the improvement of sanitation, extension of medical relief, facilities for transport, spread of knowledge and redress of forest grievances and the like, Government do not propose to pass orders here. Some of the proposals, as for example, that regarding the Kadur-Chikmagalur Railway, have, independently of the report of the Committee, been already sanctioned. Some others are under active consideration in the respective departments of Government. Each of these suggestions will be taken up separately and orders issued in due course.

11. On one of these recommendations, however, Government wish, in view of the importance of the subject, to indicate their policy. Government are fully in agreement with the Committee in their recommendation regarding the grant of facilities to the members of the Depressed Classes to acquire lands in the Malnad.

While Government have no objection to grants being made to individual applicants of these classes, they would prefer to have a practicable scheme worked out for dealing with groups of 25 or 30 applicants formed into Co-operative Societies for the acquisition and cultivation of land as also for arranging for the profitable marketing of the produce raised by them. Government are prepared to help these societies with funds in the initial stages and, in view of the difficulty of finding competent men of the community to manage the societies, to give them the services of suitable persons for managing the work of the societies until men of their own class become available to undertake such work. The Registrar of Co-operative Societies and the Director of Agriculture are requested to consider the matter and submit a joint report to Government within a month from the date of this Order.

12. Government trust that the scheme for Land Mortgage Banks sanctioned in this Order will find adequate popular support and that the leaders of the people in the Malnad will help to make these Banks a success. The Deputy Commissioners of the three districts concerned are requested to call together a meeting of the leading citizens of the districts and after ascertaining what support the scheme is likely to receive at their hands, submit definite proposals for the orders of Government. These proposals should be submitted by the end of November next.

13. Government wish to take this opportunity to re-affirm the policy that has been pursued so far in regard to the Malnad. They recognize that the Malnad area, as well as some others similarly constituted, stand in need of special attention. They have under contemplation a health survey of the State and as it is intended that the survey should have special reference to malaria and hookworm disease, it will relate mainly to the Malnad. Government have recently included the Hunsur and Heggadadevankote Taluks of the Mysore District in the area of operation of the Malnad Improvement Scheme. In addition to the usual departmental grants in which the Malnad taluks along with other parts of the State participate, Government will continue to allot a special grant every year for meeting the expenditure involved by measures specially taken up under the Malnad Improvement Scheme. The measures which Government have sanctioned or may sanction can, however, be really successful only with the willing and active co-operation of the people of the Malnad. Government have hopes that such co-operation will be forthcoming.

14. In conclusion, Government desire to express their thanks to Mr. K. Chandy, the Chairman, and the official and non-official members of the Committee for the great care they have bestowed on the consideration of the matter referred to them and for the valuable report they have furnished. They also desire to place on record their high appreciation of the labours of Mr. Kesava Iyengar, Special Economic Survey Officer, and note with satisfaction the opinion of the Committee regarding the ability and zeal with which Mr. M. Venkatesa Iyengar assisted the Committee in the work entrusted to them.

R. RANGA RAO,
General Secretary to Government.

To—The Heads of Departments.
The Secretaries to Government.
The Secretary, Economic Conference.
The Deputy Commissioners of Districts.
The Presidents of District Boards.
THE PRESS TABLE

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